

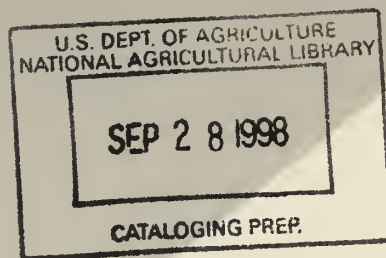
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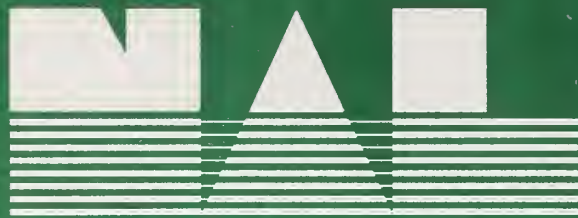


LOOKING AHEAD

- ***ERS in a Changing Environment***
- ***New Orientations for Research and Research Management***

Summary Report of
ERS Staff Conference
Front Royal, Va.
May 6-8, 1965

**United States
Department of
Agriculture**



National Agricultural Library

FOREWORD

This report of the Front Royal Conference is presented in summary style for your convenience. It enables a review of significant comments made in most of the speeches at the conference.

Also, by including notes of the various discussion groups, it gives some insight into things that ERS professional workers are concerned about: What the future holds for economic research, the research environment, cooperation with other agencies, our international commitments, adjustments in agriculture, and rural resource development.

To illustrate the current range of ERS research, summaries of projects in four work areas are presented.

This publication skips over the introductions, the pleasantries, and the laborious recording of minute detail that a formal proceedings would entail. Instead, it attempts to capture briefly and concisely the thoughts of research workers, supervisors, and policymakers concerning the future roles of ERS.

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"STATE OF THE UNION" MESSAGE ON ERS

By

Nathan M. Koffsky, Administrator

ERS is still a young and thriving agency, still in ferment, with changing objectives and goals as our environment and the situation change.

There are nearly a thousand of us, with about 40 percent of the more than 600 professionals stationed outside of Washington. We cost a lot of money--last year over \$13 million. And we want to be sure we are worth every penny of it.

At the Airlie Conference some 3 years ago we met in the light of the Clodius report. The report had three main conclusions:

1. Programs must be directed toward vital issues.
2. Programs must be efficiently managed and planned so that bits and pieces add up, instead of remaining fragmented.
3. There was some criticism also of conservatism in parts of ERS--conservatism being defined as an unwillingness to change our ways.

Now, with the passage of time, I think it is clear that we have made considerable progress. Some of our achievements are:

1. Understanding the structure of agriculture. The work of separating out commercial agriculture from the other segment has been valuable in terms of the formulation of policy to deal with that structure. Earlier this year there was a lot of discussion about parity of income for the top group of farmers who provide most of the farm products and whose incomes depend substantially on support programs. The incomes for this group are now an important guideline for farm policy; more than that, this idea is beginning to shape up as a guideline for the other countries.

2. As another achievement, I would point to the discovery of rural America and its people and to the organization of the war against poverty. This is a difficult area to work in. There is not the background of research results that we have for agriculture. We have, however, done considerable work in defining poverty, measuring it, finding where it is, and determining some of its characteristics. But on the whole, our big contribution in this area is yet to come.

3. I would say that the competency to deal with foreign problems is much improved over what it was a few years back. The work on factors affecting agricultural development in the less developed countries may well be the most important piece of work today in the U.S. Government with respect to economic development abroad. It is being conducted by the Development and Trade Analysis Division for AID. The World Food Budget, a project of the Foreign Regional Analysis Division, is a companion piece. It addresses itself to the question of the race of population growth and agricultural production abroad.

4. In the field of marketing, I would put as a major contribution the effort the Marketing Economics Division is going through in what it calls Project '64, in defining the structure of the marketing system.

5. One of the things the Clodius report emphasized was the adaptation of automatic data processing to ERS programs. Progress has been substantial; now something like \$1 out of every \$10 for ERS goes for ADP work.

6. I am proud indeed of the great intelligence network we have developed both for the domestic and foreign sides. The bringing together of economic intelligence of current importance for understanding the situation and outlook is much improved from 4 or 5 years ago.

7. Along with this improvement in the intelligence network, we have built up a competency in the evaluation of farm programs. It is unsurpassed, and far better than anything we have had so far.

Therefore, I would say that we have met the admonition of the Clodius report to work on vital issues.

With respect to the second point, the question of fragmentation and the advice that bits and pieces should add up, perhaps the progress we have made has not been as great as we would have hoped. We have made some progress, of course, but this is one area we will need to stress as we go.

As for the third point, about conservatism--it isn't a general issue. There have been substantial changes in program and organization in the last several years and there will be changes in the future.

So much for the past. Now let's look to the future. We will take as our basic text for this conference the K report, Program Evaluation Committee Report to the Administrator. In terms of the eight program areas in the report, I find some things we should look forward to doing and many we are already doing.

1. The first one is the question of rural development and opportunity for rural people. Here, as I have suggested, a whole new area is opening up. One facet of the research is related to human resources and their characteristics. The other is related to such resources as land, water, and public and private investment.

2. We must look much deeper into the question of strengthening the farmer's bargaining power. The main thrust for this work will come after the National Food Marketing Commission makes its report.

3. We must bring to fruition the model for agricultural adjustment which is being put together by the Farm Production Economics Division. It will provide a system of analysis to indicate the impact of farm programs and other forces, especially the impact on the commercial segment of farming.

4. To improve the network of intelligence, we need to develop better commodity price analyses for the United States, and at least the beginning of commodity analysis on a world basis. We need to combine our studies of demand in 32 countries for a world view of the structure of demand, and we need to probe deeper into the supply side.

5. We need to begin thinking of the development of statistical systems to generate the information needed for the intelligence function. We have the ingredients of such a system for commercial agriculture, but not for rural areas or for rural people. The Development and Trade Analysis Division is currently working on a system to provide periodic export and import statistics for farm products, not only for U.S. products but for the world.

6. We must direct our efforts relating to the conservation of resources to account for new objectives of natural beauty, prevention of pollution, use for recreation, and area economic development.

7. We must be concerned with establishing more precise means for evaluating farm programs. Much depends on the results of our analyses. This also applies to public investments related to agriculture or to rural communities.

The last point brings up a question of the role of ERS. Some have said that to identify ERS research too closely with agricultural policies and programs is to court disaster. I do not feel that way, and it is quite unrealistic to believe that ERS can go its way uncommitted to helping policy and program formulation and action. ERS has a goal to provide prompt, careful analysis of policies and proposed legislation for the Director of Agricultural Economics, for the Secretary, and for the Congress. No economic research organization, public or private, should be unconcerned about helping to direct policy. ERS will fail only if its analysis is bad and if it does not make sufficient contribution to the end product of policy--the improvement of living standards.

We must also realize that the resources for research are limited. There is never enough money to do all we want to do; we must apply to ERS programs a disciplined benefit-cost analysis.

Finally, I would say we are looking into the kind of organization we will need in order to meet oncoming problems. I hope ERS will never be in a position where it fights the next engagement with the last war's weapons. We live in an age of specialization, and yet the need for looking beyond the immediate research findings is most important. The researcher who thinks of the secondary and tertiary implications of his research can multiply the impact of what he does and make it much more meaningful.

REPORT OF PROGRAM EVALUATION COMMITTEE

By Charles F. Kiefer, Director
Office of Management Services

Before speaking on my main assignment--the Report of the Program Evaluation Committee--I have been asked to say a few words about CR: Civil Rights and Cost Reduction.

First, Civil Rights. As of March 31, 1965, Negroes held 82 of the 940 positions in ERS. This was 8.7 percent of total ERS employment. As of January 31, 1965, Negroes held 3,222 of 77,861 positions in USDA. This was 4.1 per cent of total USDA employment.

Thus, ERS has a good record, but we should continue to stay alert in this area, especially as supervisors of professional and clerical personnel of diverse racial backgrounds.

As for Cost Reduction, this group more than most appreciates the cost of modern government. This group, more than most, understands the policy and budgetary issues in the Federal agricultural budget, and why USDA, more than most departments, has to work harder at program and administrative cost reduction. Here are a few facts on cost savings in ERS for fiscal years 1965 and 1966:

Total second quarter avoided costs: FY 1965--\$202,000

Total reductions, third quarter: FY 1965--\$57,500; FY 1966--\$48,000

Total reductions: FY 1965--\$259,500; FY 1966--\$48,000.

These figures show you have already been responsive to the Department's Cost Reduction Program. But the going is getting tougher. We should not overlook any possibility to effect savings. We need to keep ERS on this map as well.

I turn now to the Report of the Program Evaluation Committee. Last fall the Administrator asked me to chair a committee composed of ERS deputy division

directors or their equivalents to take a hard look at ERS. This was not intended as a technical review of specific projects, but an overview of ERS operations and mission. Here are some of the chairman's conclusions, based on the committee report:

1. As research managers, we are older and wiser than we used to be. We need to translate more of this wisdom into action in our daily activities on the job.
2. ERS is an established agency, recognized for its contributions to knowledge, its uses in policy development, its value to the Nation's farmers and business community. Whether ERS is wholly mission-oriented is another matter. Surely we can do a better job in economizing with our scarce resources and choosing among competing and alternative uses for these resources.
3. Our research managers need the guts to take risks, whether in halting unproductive research or in adopting new or untested theory or methodology. Be research management-minded. Continue to keep each unit of research vital. Continue to keep lines of responsibility clear. Continue to raise the level of performance expectancy.
4. The committee found the ERS division set-up working well, although organization varies somewhat from division to division.
5. The committee found no evidence of attempt to place our economists in strait-jackets. However, ERS is a Government agency, not a university. The economics research manager has to contrive an atmosphere of freedom among his associates, while getting his colleagues to respond to deadlines.

REMARKS ON THE SHAPE OF THINGS TO COME

By Carl P. Heisig,
Deputy Administrator

During the next hour and a half we are going to try to develop some perspectives of what's ahead in the economy, and particularly in the agricultural economy. This will help set the stage for the discussions that will take place the next couple of days --and hopefully will provide some guideposts--some directional signals--of the kind that we can follow in setting our course in ERS during the next few years.

Developing such guideposts, obviously, is no easy task, because the future, at best, can never be seen but dimly. We are all familiar with the many striking changes that have occurred in the economy and in agriculture over the last 10-20-30 years. Much of our economic research program has been keyed to these changes. We've been largely concerned with keeping track of, measuring, evaluating, and recommending policy shifts as a result of change and adjustment.

These changes have been induced by many things--technological, social, economic, political, domestic and international--and they are no longer even confined to the planet on which we live. While this fact of rapid change is well known, I think it's important to recognize and keep in mind that the pace of change is accelerating --hurried along by a vast increase in knowledge stemming from research and development.

The next 10 years thus could have as significant changes coming about as have taken place during the last 20 years. Obviously, we as a research organization must adjust to change. But the real trick is to know what to adjust to. Perhaps we can do

a reasonably good job of visualizing alternative changes--to anticipate them as best we can and evaluate their consequences, and then be hopeful we can help select the alternative that is most applicable at any particular time. To do this successfully we must be flexible. Unless we change--and are tooled to meet change--we will be out of tune with tomorrow.

THE CHANGING STRUCTURE OF COMMERCIAL AGRICULTURE, MARKETS, AND RESOURCE USE

By M. L. Upchurch, Director,
Farm Production Economics Division

These are interesting times for the profession of agricultural economics. We need to identify and understand the challenging changes now taking place in rural America and to restructure our research to deal most effectively with the problems that grow out of change.

For 150 years to World War II, prosperity in farming was closely identified with the welfare of rural people. So people sought many ways to make farming more profitable: Cheap land, public aid to transportation, public support for research and education through USDA and the Land Grant College System, etc. The identity of rural welfare with profitable farming helped shape much of the early work in agricultural economics, both in USDA and in the colleges. Farm management and marketing studies, begun in the early days, are examples of research dealing with farm income and profit from farming.

Now that there are fewer people in farming, the relationship between profitability of farming and rural welfare is changing. There are now 2 roads to rural welfare: (1) Commercialized farming, featuring the highly technical larger unit, and (2) nonfarm opportunities for rural people. Both vary from traditional views of American agriculture. The simple fact that we must seek economic salvation for rural people, largely outside of the business of farming, places on USDA, and concomitantly on ERS, an obligation and an opportunity that we have not met adequately, in my opinion. We do see a breakdown in the old profitability-rural-welfare identity and must redefine our "directional emphasis" in research programs.

Commercial agriculture is rapidly changing and challenges the most sophisticated efforts of economic research. Commercial agriculture is defined as the entire complex of farming and agricultural business, including related government activities concerned with supplying food and fiber to domestic and export markets. The chain of events in doing this job are complicated; they range from the basic input industries at one extreme to the domestic retail outlets and export markets at the other extreme.

We're in the midst of several agricultural revolutions:

1. The mechanical revolution, in the main, substitutes machines for animal power. It gives the farmer more muscle, allows him to farm more extensively, to use less labor. It release people from farming. It doesn't, however, necessarily make farming more productive.

2. The scientific revolution uses the biological and chemical sciences. They have created more productivity, the significant force sending the output curve up after World War II. Agricultural scientists have learned how to bring the scientific disciplines to bear on the productivity problem.

3. The revolution in the "ways of doing business" is just starting, and eventually it may be farther reaching than the mechanical and scientific revolutions. With number of farms declining, commercial farming is increasing. Forces of change are hitting from all directions. Purchased inputs are increasingly important, and relationships between input suppliers and other sectors are not well understood. Farming is more vulnerable to price changes. It's harder to differentiate what a farm is in these complex times. It is no longer adequate for us to focus our studies on the farm firm alone, because the sector of agriculture that supplies inputs is having increasing influence on, and is increasingly a part of, the production process. At the other end of the production process, retailers are getting fewer and bigger. Their demands are more rigid on volume and quality (example: feed-lots produce to specifications). For the whole production chain, we must identify the decision points ("points of transaction") and then examine the economic forces at work.

The changing structure of agriculture has many ramifications in the work and responsibilities of ERS both in big and little ways. Some of these are:

1. Changes in the way of counting and reporting farm income.
2. Counting the inputs and efficiency factors.
3. Lack of distinction between production and marketing.
4. Policies for commercial agriculture, as distinct from policies for rural welfare.
5. Aggregative character of problems--big research is required for a big and fast-moving industry.
6. Growing technology in agricultural economics to cope with big problems.
7. Research oriented to public policy issues.

Future research in ERS must give increasing attention to problems of rural welfare that lie largely outside of commercial agriculture. We must also focus our attention on a rapidly changing commercial agriculture in which the economics of the input industries, farming, and marketing are becoming increasingly inter-related.

THE FOREIGN MARKET FOR FARM PRODUCTS

By Quentin M. West, Deputy Director,
Foreign Regional Analysis Division

In the past 10 years, U.S. agricultural exports have more than doubled in value. A decade ago, exports took less than 10 percent of total output of U.S. farms. Last year, they took close to 18 percent.

The real challenge in the future: Can we double agricultural exports over the next decade?

Based on country-by-country studies, we project our exports of food commodities to increase by more than 50 percent over the decade of the 1960's. For nonfood items, particularly cotton and tobacco, the outlook is not so good; we project little or no increase. This would mean an overall increase for the 1960's of only about 35 percent. The outlook for the decade of the 1970's is even more conservative--less than a 15 percent increase for all agricultural commodities.

These projections assume continuation of present Government programs. About 40 percent of our exports now go to the less developed world, and two-thirds of these are under foreign aid. Under present Government programs, concessional exports are expected to increase more than 50 percent over the decade of the 1960's.

Perhaps some bold new program will be developed which will do for U.S. exports over the next 10 years what P.L. 480 has done during the past decade. In fact, there are discussions underway between USDA, AID, and the Bureau of the Budget over a possible program to increase substantially our Food for Peace exports by 1975.

Now a look at our present and potential commercial markets. The six European Common Market countries took 21 percent of our farm exports in 1963. But the Market's common agricultural policy is going to make it difficult for us to maintain the rate of growth in this market which we have realized in the past decade. We have already lost most of our wheat market. Our market for grains will depend on the relative emphasis the Market places on livestock production and feed grain production to fatten that livestock. Our best export potential lies in oilseeds and protein meal.

The United Kingdom is the largest world market for agricultural imports, but here the United States must compete with the preferential treatment given the Commonwealth countries. Tobacco and cotton will suffer accordingly. But U.S. exports of feed grains and oilseeds should expand as the United Kingdom ups feeding of livestock and poultry.

U.S. exports to Japan, our best dollar market, have more than doubled over the past decade to \$750 million, and there is good reason to expect they may double in the next decade. Japan's imports of feed grains, oilseeds, tobacco, and other products in which we have an export interest should increase at least three-fold in the next decade.

With the Canadian economy expanding, our exports to Canada should climb 50 percent over the decade of the 1960's.

ISSUES AHEAD IN MARKETING

By Alden C. Manchester, Chief
Animal Products Branch,
Marketing Economics Division

Marketing must be viewed as a dynamic process, even though we are forced to use static and comparative static analyses to understand the process of change.

Researchers must and do attempt to see things whole: The industry rather than the plant for many questions, the food industry rather than the butter industry for others, or a major segment of the economy for a few questions.

Most big questions cannot be reduced to coefficients. The computer model is of relatively little use in discovering "inefficiencies" in the real world or in comparing the real world with a performance norm.

One of the major issues confronting agricultural producers and marketers now and for the next decade is the drastic impact of possible changes in policy concerning transportation. Serious changes in the level and particularly in the structure of transportation rates would have severe effects on the competitive position of farmers in different areas and upon marketing agencies selling their products.

Precisely such drastic effects can be expected from proposals to extend the agricultural exemption to railroads, which have about 25 percent variable costs. The railroads could cut their rates, on any commodity they choose, to a point which amply covers their variable costs but is below the truckers' out-of-pocket costs, about 75 percent.

The issue which probably attracts the most attention is that of market power. Is the farmer--or the processor--becoming merely a wage-slave of the retailer, as sometimes charged?

Buying policies of organized retailers are strongly influenced by pricing and merchandising policies, and these in turn are influenced by the nature of competition among retailers. For example, a shift to merchandising and promoting beef as "U.S. Choice" contributed strongly to a shift from the Big Four packers, with their advertised brands, to many regional packers selling U.S.-graded beef.

Effects of changes in demand are also seen in the case of beef. As the demand for beef continues to increase sharply and as it changes to emphasize lighter, leaner beef, the demand for feeder calves and cowherds increases--perhaps more rapidly than the capacity of the western and southern ranges is being increased. As the rangeland becomes relatively scarce, feed roughages and feed concentrates will become more competitive with rangeland as sources of feed for cowherds.

The effects of technological change on market organization and production are seen in the case of milk. Changes in technology have sharply affected the scale curve in milk processing and distribution over the decades, tilting it ever more steeply. We are just beginning to see the development of tremendously large milk plants, assembling and distributing over areas of several hundred miles.

A set of major issues revolves around the role of Government programs affecting the market power of various participants. Market orders have greatly strengthened the market power of cooperatives in milk and dried-fruit markets--not just by giving them a bigger stick at the bargaining table, but by changing the rules of the game. The existence of service programs, such as grading and market news, changes the climate within which competition takes place. Relatively simple changes in many of the service and regulatory programs could have marked effects on the income and power positions of producers and marketers.

A final set of issues revolves around the nature of competition in input-supplying industries. We have already seen marked changes in the broiler and turkey business coming out of the feed industry. What will be the effect of the mass movement of petroleum companies into the fertilizer business--for the farmer, cooperative, and private fertilizer dealer?

In all of these issues, the key words are interrelationships and change.

LAND AND WATER RESOURCES

By Harry A. Steele, Director,
Resource Development Economics Division

National growth has been accompanied by a decline in economic activity in many rural areas. Public policies have often resulted in further concentration of economic activities in urban areas. This concentration will have considerable impact on future land use and will create increased demand for land for recreation, rural residences, open space, and other urban-oriented uses.

There are about 2.3 billion acres in the 50 States. About 800 million are good-to-marginal cropland; of this, 400 million are used for crops and cropland pasture and 50 million are in noncrop use under Government programs. An additional 150 million acres could be developed for crops, if needed. Timber production apparently can be met on existing acres. Projections indicate present cropland will meet needs

of the next two decades, barring a major war. Long-range, however, land-use adjustment programs must be developed which balance efficient farm production with effective demand and provide for expanding nonagricultural requirements.

Agricultural use accounts for a large part of the 70 percent of our total precipitation which is used on watershed lands, as well as a major part of the consumptive use of water diverted from streamflow and ground water. Gains in the efficiency of agricultural use could be significant to water use in the rest of the economy. Water use will increase rapidly as population and economic activity expand. Even with gains in efficiency, acute water management problems are predicted in much of the Nation.

There are a number of major water policy developments. Fifty-one water research institutes have been established under impetus of the Water Resources Research Act. A water research committee under the Federal Council for Science and Technology is developing a comprehensive water research program and providing coordination with State and Federal research programs. Recreation has become a full-fledged purpose of water development, and funds are available under the Land and Water Conservation Fund Act to acquire land for basic recreation facilities. Legislation is pending to provide recreation cost-allocation and cost-sharing policy. A Wild Rivers Bill is before the Congress.

The major Federal and State water agencies are engaged in comprehensive planning for water and related resources--planning which eventually will cover the entire United States. ERS and the Office of Business Economics of the Department of Commerce are cooperating on a data bank and system of interregional analyses, which will generate projections of economic activity and water requirements in support of river basin planning.

As the Resource Development Economics Division cooperates in these efforts, emphasis will continue on the role of resource development in economic growth and on the impact of resource policies on income distribution and general well-being of people.

Emerging new concepts of resource use and conservation deserve careful consideration. These concepts center around the quality of the natural environment. We are increasingly concerned with the quality of resource use and the complex relations between resource users when quality is considered. Promotion of natural beauty and recreation has become a major Department policy concern. The number of visitor-days of outdoor recreation is rapidly catching up with the days of farmwork performed each year, and in some States, income from recreation exceeds that from agriculture.

We need a multiple-use or comprehensive approach in planning the transition from rural to urban development and in preserving and enhancing the quality of the environment of the Nation. As urban areas expand, the pattern of land uses becomes more important. The conservation and effective use of space and the control of incompatible uses are important problems.

Many changes in our institutional arrangement will be required to provide a management system that can give proper weight to both the market and nonmarket values involved in resource development and management. Such a system should provide incentives and regulation to individual firms, farm or nonfarm, so that they will work in harmony with the goals of the entire system.

Perhaps the time has come for national review and clarification of our public policies for privately owned land.

THE GOVERNMENTWIDE APPROACH TO THE POVERTY PROBLEM

By James L. Sundquist
Deputy Under Secretary of Agriculture

Until a few years ago, the emphasis of Government in dealing with urban poverty was to create jobs for jobless people. Similarly, the emphasis in dealing with farm poverty was to raise farm prices. For the economy as a whole, the thrust of Government policy was jobs, jobs, jobs. Maximum production, generating maximum employment, was the way to cure poverty. Yet recessions recurred, each leaving a higher level of continuing joblessness.

The 1958 recession set off an intensive debate in Congress on the causes and cures of unemployment. Democrats said expansionary fiscal and monetary policies were needed to create jobs. Republicans said, in effect, we don't need more expenditures to create more jobs--the jobs are there but people just can't fill them. Thus, the basic problem is "structural unemployment."

In time, both sides reached a considerable degree of consensus. Republicans now endorse expansionary fiscal measures, like last year's tax cut. Democrats began to look more seriously at structural unemployment and identified three major reasons why available people cannot fill available jobs:

1. Some people live in the wrong places.
2. Some are of the wrong color.
3. Some have the wrong skills or none at all.

In approaching the first of these problems, it is obviously cheaper to bring jobs to the people than to move large numbers of people to distant jobs. The area redevelopment program, the accelerated public works program, the Appalachia program, and now the Public Works and Economic Development bill are Government's response to the first aspect of structural unemployment.

As for the racial barriers to employment, these are being broken down in the national crusade against discrimination, sparked by both Government and private efforts.

To help people with the wrong skills or no skills become qualified, Congress passed the Manpower Development and Training Act and the Vocational Education Act of 1963. But how about people who can't be trained--those who can't read or write? Economic analysts began to realize a more fundamental approach to the development of human resources was needed.

This stream of economic analysis was joined by another stream of social-humanitarian thinking, epitomized by Michael Harrington's The Other America, and out of their confluence the war on poverty was born.

In the Economic Opportunity Act the Congress, in effect, recreated under new names and in modernized forms the action programs of the 1930's, such as the CCC, NYA, WPA. The act also created a domestic peace corps known as VISTA. It was a gap-filling measure that included every reasonable proposal anyone could think of that had not been previously authorized. And, to make sure that all gaps are filled, the Community Action title provides that the Federal Government will pay 90 percent of the costs of community action programs. These community efforts may include almost any kind of program which the community determines will get at the roots of poverty.

What has been done so far? Job corps camps are open. Loans to low-income farmers are being made. At present, 738 rural communities and 90 percent of our cities have community action organizations in being or in process of formation.

Three emerging problems can be identified, from the viewpoint of combating poverty in rural areas.

First is the magnitude of the program needed. When viewed in the light of the total need, the \$1.5 billion requested will finance little more than pilot programs. To put the war on poverty on a nationwide scale--as universal, say, as our public school system and extending to all the poor the whole range of anti-poverty measures --would cost many billions of dollars. Where is the money coming from? If the war on poverty remains for years on a pilot basis, it will only serve to disappoint the many communities that will be unable to share fully.

The second problem, from the standpoint of rural areas, is how to get local initiative for community action programs. Basically, the problem is one of communication. Whereas mayors and private organizations have great resources for launching city programs, rural America is made up of 10,000 to 100,000 small communities, depending on definition. And rural America just isn't easily organized.

What is needed on Government's part is administrative machinery to reach these people and show them how to go about planning a redevelopment program. We in USDA are working to make this "how-to-do-it" information available through every USDA outlet in the community, with primary responsibility in the Extension Service and Rural Community Development Service.

A third problem is that the Federal Government has no settled doctrine in the field of rural community planning. Commerce, HEW, OEO, HHFA, and USDA, among others, have varying requirements for the local organization of varying kinds of community action programs. Confusion can result when more than one agency approaches the same community. The participating agencies need a rationalization of their competing theories and their interrelationships.

WHAT ECONOMIC RESEARCH CAN CONTRIBUTE TO RURAL PEOPLE AND RURAL COMMUNITY DEVELOPMENT PROGRAMS

By George S. Tolley
Office of Administrator

Economic research can make contributions to rural people and rural community development programs in the following ways:

1. We can gain information on the precise needs of these people by--
 - Learning some qualitative factors about them: How to compare real income of rural and urban people, the extent of Government's output in services to them (example: education).
 - Learning which people would be helped by programs for rural people and where these people are located: How to identify the range of people from commercial farmers on the one hand to those in poverty on the other. There is a vacuum of knowledge about the people at the crossroads--those falling between self-sufficiency and poverty. "What is rural America, after all?" is the question.

2. We must do research--analytical research--on the basic causes of poverty by--
 - Learning what happens when some people emerge from poverty to self-sufficiency, why others remain in poverty, and the differences between the two.
 - Learning why some areas grow, why others decline, and the reasons for variations in the rates of change: Why do industries move? What are the effects of agglomeration and/or community effects (cannot be quantified) on population and industrial movement? What about the multiplier effects, and why does this factor differ among types of industries?
3. We need to do economic research on the planning and evaluation phases of rural development programs. We should--
 - Learn more about the needs of programs before they are formulated and about the changing needs before the programs are expanded.
 - Learn about the importance of programs.
 - Then, evaluate the programs: Mainly need to estimate impacts. Benefit-cost relationship over-emphasized in present evaluation studies. Intangible (nondollar factors) enter in, and program goals are often not subject to control.
 - Continue economic research on programs that are underway. Complementary effects need study: How do we reach the "bypassed people" (low-income group)? This is a communication job. Rural people and Negroes are difficult to reach through existing media.

There's a void in research on new approaches to planning. Neither the Federal Government nor the universities are doing research on this. It needs to be done, but who will do it?

DISCUSSANT: Robert G. Lewis, Administrator, Rural Community Development Service

The formation of the Rural Community Development Service was announced by President Johnson in his annual Farm Message, February 4, 1965. Its mission is to provide planning and coordinating leadership within USDA in assuring equal opportunities to residents of rural communities to participate in the services and benefits of all Federal programs.

President Johnson recognized the serious gap between the opportunities of rural residents and those living in urban areas. The gap has been sharply identified and publicized through work of ERS.

The President recognized also that "parity of opportunity for rural America" requires (1) that the Federal Government's view encompasses the needs of the entire rural community, including the three out of every four people residing in communities of 2,500 people or less who neither live on nor work on farms; and (2) that full development of rural human and natural resources requires programs in the fields of health, education, welfare, small business credit, community facilities, the Economic Opportunity program, and other branches of the Federal Government in addition to USDA.

Stating that it is not feasible for each of these Federal agencies to establish branch offices in rural areas, the President directed: (1) Every department and agency of the Federal Government to take steps to extend its services equally to rural areas; (2) the field offices of USDA to make themselves available to assist other agencies to extend their services in rural communities; and (3) a review of all laws and programs involving services to the public, to identify and eliminate any impediments to equal access to such services and benefits in rural communities.

One of the primary missions of RCDS will be responsibility for the "outreach" service, to enable agencies and departments outside the Department of Agriculture to extend their services effectively into rural communities. In carrying out this mission, RCDS proposes:

1. In consultation with the "outreaching" agency outside USDA, to identify all program benefits and types of assistance that would be useful in development of human and natural resources in rural communities;
2. Assignment by the Secretary of specific responsibility to USDA field agencies to provide information and assistance to rural residents in applying for and securing assistance and benefits from such programs;
3. To furnish leadership within USDA in planning for the coordination of USDA programs with others of the Federal Government so as to produce optimum results in terms of community development;
4. Continuous liaison and review by RCDS of both "outreaching" agencies and the USDA field offices serving them, to expedite the initiation and processing of applications by rural residents.

The Department's goal, in keeping with the President's mandate, is to assure rural citizens everywhere that they can secure, from USDA representatives stationed in their home county, full and explicit information and whatever assistance they need to apply for and to secure the benefits of any federal program for which they are eligible on equal terms with residents of urban areas.

**DISCUSSANT: John H. Southern, Chief, Area Economic Development Branch,
Resource Development Economics Division**

USDA economic research has traveled a long road of studies dealing with poverty; low incomes, rural development, and opportunity problems.

1. The 1930's-- a period when great emphasis in USDA was placed on rural poverty, low incomes, and their attendant problems. A policy expert (Ezekiel) in the Department, in a speech in 1941, cited "the shifts in Agriculture policy toward human welfare." Many high-level officials were involved in policy considerations for rural people in the poverty and low-income groups and for human resource development. Paralleling policy considerations and underpinning program development was considerable research financed at different times by FERA, WPA, LU-RR, BAE, etc.

During that period, research and policy considerations had arrived at some tentative basic relationships existing in farm adjustments vis-a-vis the total economy, its growth, its structure, and the important requirement that rural low-income people be assisted toward adjustments into new opportunities.

Many significant rural adjustment needs were recognized, including the need for off-farm jobs, the need for improved rural education, etc., A Committee of

Secretary Wickard's in 1941 recommended a Departmental policy of working toward efficient family-size owner-operated farms, recognizing this objective as being inconsistent with maintaining opportunity in agriculture for a maximum number of farm families. The Committee recommended that USDA take the position that it "does not believe that agriculture should be made the dumping ground for the industrial unemployed" "that only as many farm families should be permanently engaged in agriculture as can be afforded an opportunity to maintain a reasonably adequate level of living", further, "farm people for whom efficient family-size farms cannot be established should be assisted in finding opportunities to serve the Nation in nonagricultural vocations."

So much for the prewar period. One could ask about the current position of USDA on these matters, or what changes have occurred in the approximate quarter-century since the report of Secretary Wickard's Committee.

2. Postwar Period-- A period of attempting to regain the earlier momentum on human resource problems, particularly in policy and programs. We can skip the wartime experience, when all policies and programs were directed toward achieving maximum productivity. Following the war, the "Brannan Plan" proposed direct income payments as farm-problem solutions. The emphasis was on human resources rather than on commodity problems. The plight of low-income people, both farm and nonfarm, again was highlighted in policy statements and in a Congressional document. During this period, Sherman Johnson, Bachman, and others worked out the "economic class of farm" concept, which provided an analytical approach to low-income farm groups as well as for the commercial group. There was a special study and report on "adjustments for the cotton South"--a report which emphasized human resource and intersector adjustments necessary for solving low-income problems. This period ended with the dissolution of the BAE. Following this, most of our research again was pointed toward productivity, efficiency, and commodity problems of commercial agriculture.

3. Rural Development, 1954-60-- A period evolving out of the continuing realization that the problems of low-income farm families and the decline of rural areas were not being approached through research and education or through policy programs. Activity was sparked by a study effort which resulted in the Secretary of Agriculture's report entitled "Development of Agriculture's Human Resources -- A Report on Problems of Low Income Farmers." This report, published in 1955, highlighted many of the approaches to rural poverty problems now being pursued. Following this report, a sizable amount of research funds was made available in fiscal 1956 to study low-income farm problems. Research considerations during this period were oriented almost solely around low-income farm families. It was only in 1959, in a conference in Memphis, Tenn., where, after much discussion, the decision was made that low-income and rural development studies had to be broader than the farm and that the entire rural population and area characteristics were the proper subject of study.

This research accomplished a great deal in determining the specific regional types of low-income situations and the characteristics of associated human and physical resources. This was a period of expanding research and education with no new action programs, but with emphasis on program coordination in only "pilot county" efforts.

4. Area and Human Resource Development, 1961 to present-- A period characterized, by Mr. Sundquist, as one of Governmentwide approaches to low-income and development problems. From a research standpoint, the evidence is clear on this matter. ERS, with its very limited resources, has kept pressing toward investigations of the broader human and area development problems. Until recently, these efforts were hampered because base appropriations for such studies had not been augmented since fiscal 1956. Thus, in a relative sense, research inputs

declined considerably, even though we kept pressing at the frontier on some of these problems. There has been financial assistance from ARA of the Department of Commerce in special studies, particularly in impact appraisal and in a basic study on underemployment in the rural population.

At the policy and operational level, this has been a curious period in USDA history -- curious in that many of the broad human development and adjustment approaches, considered in policy and research in the 1930's, now have been accepted by other Federal agencies and departments; yet the battles, the bloodletting, and anguish in agricultural policy again have focused largely on commodities, production, supply, and price problems. That is, policy and program needs, so well outlined in an earlier period, have been enacted and are operational elsewhere than in USDA. Our inputs in the development of rural resources, in the broader sense, probably have been relatively smaller than one might have expected, given the totality of the rural environment and its dynamics.

Looking ahead, the opportunity for ERS research is expanding. These dynamics have been recognized and Departmental goals include all rural people and areas. Our agency's thorough evaluation of its role and responsibility is evidenced by Dr. Tolley's report and by the Administrator's specific emphasis on strengthening area and human resource development research.

DISCUSSANT: Calvin L. Beale, Farm Population Branch, Economic and Statistical Analysis Division

As a noneconomist, I trust the audience will not be surprised to hear me stress that the causes, the symptoms, and the cures of poverty are not all economic. I do not mean to imply that the speakers have asserted the contrary. In fact, I was pleased to see the implicit recognition of noneconomic factors in their talks.

We often associate poverty with a high incidence of social disorganization. But it is possible for rural people to be poor without being demoralized. And it is also possible for them to have minimally adequate incomes yet still exhibit many symptoms of poverty and demoralization. Cultural factors alone can explain these variances.

A related point is that we cannot discuss rural poverty and just deal with conventional status-possessing people who hold middle-class values and attitudes and enjoy typical social protections. For example, if we engage in research or programs on rural poverty, we inevitably must consider populations of higher than average family size or who have some dependence on hired farm labor or who belong to ethnic minorities.

We hear much about rapid population growth in underdeveloped countries and the relation of this condition to economic progress. Seldom, however, do we consider the same phenomenon in our own rural problem areas. Rural people in the United States continue to show fertility rates considerably higher than those in urban areas, and except in the Southern Appalachians, have not generally reduced their childbearing under the conditions of rural economic stress of the last 15 years. I believe we need more research on rural fertility and a greater willingness to treat this topic. As an example of the relationships that prevail, consider the following. Among white rural families in the United States in which the wife is 35 to 44 year old, the average number of children born per 100 couples is 274 for families living in sound housing units, 390 for families in deteriorating housing units, and 484 for families whose houses are dilapidated.

The hired farm labor force is a significant element in rural and national poverty. Our recent surveys show that although the population of households in

which someone performs hired farm work amounts to only 6 percent of the total U.S. population, the children of school age in farm-wage-worker households having less than \$3,000 of annual income comprise a fourth of all U.S. school-age children in households with less than \$3,000 of income.

Hired farmworkers have, with minor exceptions, been excluded from the minimum wage and unemployment compensation system--a factor unquestionably associated with present problems of the workers. These issues are now active legislatively, and USDA is handicapped by the insufficiency of its data and research on these subjects. Ultimately, I would guess that the issue of unionization and collective bargaining for farmworkers will also become active again.

The recent report of the Commission on Civil Rights focused attention on equal opportunity for Negroes in programs of the USDA. The serious degree and extent of poverty among Negro farmers was brought out quite clearly. The research program of ERS was not discussed in this report, but I suggest that ERS has not adequately fulfilled its research obligations in this area. The detailed comparative materials in the 1959 Census of Agriculture on white and nonwhite operated farms in the South have gone unused by us. There is a paucity of ERS research on Negro farmers and some reluctance to present findings on racial differentials.

The structure of Rural Poverty demands that we must be willing to conduct research on noneconomic subjects, on disadvantaged groups of the population, and on sensitive subjects if we are to make a contribution commensurate with our ability and responsibility.

A TOPSIDE VIEW OF ERS By John A. Schnittker, Director, Agricultural Economics

Compared with a few years back, ERS is doing two to three times as much work--hopefully with more credit--with longer hours and more devotion to duty and with more encouragement from the top. The Secretary of Agriculture knows how to ask for and how to use information. And ERS, among the other information-producing agencies, has learned to produce solid objective information on call.

A review of history would be helpful. Let me touch on some of the turning points in economics work in USDA.

First--the decision of Spillman and others early in the century to apply the arts and instincts of economists to work on agricultural problems was crucial to later developments.

Second--there was the response of the Department of Agriculture and economists in USDA and in the universities to the crisis of the 1930's. M.L. Wilson, Sherman Johnson, Howard Tolley, and Louis Bean in a sense established their own reputations, and that of agricultural economics at that time. They worked on the programs that helped the economy recover from the depression; they innovated, and they did it on a tight timetable.

Third--the calling of the Bureau of Agricultural Economics in the late 1930's to act as a staff agency to the Secretary was an important milestone--a recognition of the special role of economists in furthering agricultural policy.

Fourth--the breakup of the BAE, the fragmentation of economics work in USDA along with the determination not to use the work of the economists, was also a milestone.

Fifth--there was the reestablishment of economics work in a single agency (along with its sister agency, SRS). More important was that the Secretary and the Director of Agricultural Economics also determined to use the knowledge of economists in the policymaking process. Without the latter decision, the reorganization would have been a fairly minor event.

And that brings us up to the present.

I haven't been in USDA long enough to get a settled opinion of the ideal organization of ERS. But more than organization, the next turning point will be the kinds of problems we work on and the manner in which we work. And that is a matter of going to work in a major way on the sensitive kinds of problems that almost 20 years ago contributed to the dissolution of the BAE--work on low incomes, poverty, economic development, job training. But now is a different time. Funds are beginning to flow for research on people as well as on physical resources. And we have a responsibility to direct efforts in these sensitive areas.

The turning point today is a sort of exorcism, an exorcism of the shadow of the BAE. We should try to get the word to colleges, too, that we are getting rid of that shadow. We need to convince them as well as ourselves that times have changed.

We need to put the highest priority on expanding research that helps people. It probably won't mean less money for the other significant kinds of research, but we need to pick and choose, to find the funds for the new research, possibly from savings elsewhere. But we should also consider stopping some of the other things--work which, though important, is not so pressingly needed.

CHANGING REQUIREMENTS OF ECONOMIC RESEARCH AS SEEN BY STAFF ECONOMIST GROUP AND THE COUNCIL OF ECONOMIC ADVISORS

Remarks by Winn F. Finner, Staff Economist Group

Since USDA initiated broad-scale farm programs in the early 1930's, there has been considerable variation in the extent to which the thinking and appraisals of the Department's economic research staff have been brought to bear on policy questions. During most of the 1950's, USDA research economists were called upon only infrequently to advise in detail with respect to policy alternatives. Since 1961, however, there has been a "climate of appreciation" for the usefulness of economic research findings relating to farm programs.

This change is placing additional responsibility on ERS. I believe there have been definite improvements in the extent to which research findings are developed and brought to bear on policy issues. Nevertheless, there are still too many instances when decisions must be made without the full benefit of the contributions which economists can make to the evaluation process.

The purpose of my remarks is simply to encourage greater consideration by the research staff, in new project planning, of the kinds of policy questions to which their research may relate. In particular, recognition of these potential areas of application, when projects are being initiated, should help further improve the extent to which research findings can help with policy issues.

In speaking of policy questions, I refer to those on which the Department must either take action or a position. Such questions frequently need to be dealt with promptly. There is not time to formulate and carry through a research pro-

ject as a basis for decision. But the point that I am emphasizing is not the need to develop answers rapidly but rather that we deal with them adequately in our ongoing research program so as to increase the future likelihood of having better economic appraisals pertinent to more of the persistent economic questions that confront us and that concern important alternatives measured from the standpoint of both farm and public welfare.

There are objections to such research, which to me do not seem valid. There is the view that political considerations override economic considerations. I believe that this contention will not stand up under close scrutiny in the light of our experiences. There is also the contention that policy research more properly should be done by program agencies or by non-USDA groups. I think this point of view means an abdication by our research economists of major contributions they can make in resolving important agricultural problems.

I think we need to find ways of being surer that policy issues are well known and considered as new research projects are undertaken. Perhaps ways can be found for more clearly identifying and discussing these issues so that they may be dealt with more realistically in our research programs.

The need for policy guidance establishes another reason for less fragmentation of our individual research efforts. It is frequently the commodity generalist rather than the specialist who appears best equipped to examine alternative program proposals and to reach meaningful judgments with respect to their impacts on Departmental costs, food prices and supplies, producer income, foreign development, and the other variables which need to be considered.

Remarks by James Bonnen, Council of Economic Advisors

In the Employment Act of 1946, the Council of Economic Advisors was assigned a major responsibility for economic research policy in the United States Government. In addition, as one of the major users of economic and other research for decision making, the Council has a very real interest in the quality and effectiveness of research.

Some researchers seem to feel that they can't move until a policy decision has been made and handed down. They are quite wrong. I find that there is a great respect for facts, and for the products of research in political decision making, when this information is properly presented and applied. Good policy decisions cannot be made without good prior research input.

From the point of view of the users of research, the following characteristics determine the effectiveness in use of research: (1) Its relevancy to the decision that must be made; (2) its timeliness; and (3) the quality of the analysis. As far as the last point is concerned, let me say that the Council rarely receives from other departments of Government work of the quality that we receive from the SEG and ERS. Because its origins were as a research and educational organization exclusively, USDA has a tradition of high-quality research in economics and statistics that is unmatched in the Federal Government.

Changing Research Needs

1. I think that ERS in the future should become more involved in social and political research. The world we know is changing fast--not just its economic structures but its basic political and social organization. Rapid rates of change in our social structures mean that more than ever it is necessary to have a broadly based social science research program in ERS if we are to solve the most urgent problems or if we are to maintain our perspective vitality and relevance in economic research.

2. Institutional building needs require that we study economic institutional alternatives. Rural people are demanding not merely the reform of many of our rural institutions but the creation of new ones. The study of institutional alternatives should be high on our list of priorities. Federal-State relations is one such area. Market structure and organization is another. As John Fisher points out, many of our structures are inconsistent with our technologies on the one hand and our values on the other.

3. We lack an integrated national economic development policy. We do not yet have an economic development policy that integrates human capital investment with physical capital investment policy. The impact of public investment on regional growth-rate differences raises many as yet unanswered questions of increasing seriousness. Because of the many stresses and strains of our society, we can't avoid bringing this matter into focus much longer.

4. Commercial agricultural policy: Asset and income distribution knowledge is needed, and we need to explore the asset inflation dilemma that lies at the heart of the adjustment problem.

5. A meaningful policy for rural America has yet to be developed.

6. The agricultural trade, aid, and development objectives of this country are an unresolved conflict.

The uniqueness of USDA as a research environment: USDA contains the largest single unit of economists doing research in Government today. This developed out of an organizational form unique in the U. S. Government--an executive department that in origin was much like a national university. The high quality of performance and great capacity of USDA as an innovator of the myriad of action programs of the 1930's is due to this. This organizational uniqueness is being swamped today by these action programs.

The way we sustain the success of USDA as an action program agency is by maintaining its capacity as a high-quality research environment. Such an environment cannot be had by command, by organizational control, or by management efficiency, as in action agencies. In research, the quality and capacity of output depend on maintaining an environment in which the individual has the freedom and incentive and time to think imaginatively. ERS researchers today need more time for reflection, to work on the longer-run problems.

The Federal research establishment needs a sabbatical system even more than does the university. On the job, there needs to be more informal interaction between researchers with common interests--irrespective of division or assignment.

OUR INTERNATIONAL COMMITMENTS

By Kenneth L. Bachman, Director,
Development and Trade Analysis Division

ERS is interested in international affairs for two vital and interrelated reasons--the importance of the export market and of world peace and stability.

From the standpoint of agricultural policies, the export market is tremendously important. The growth in our agricultural export market during 1955-62 was about 6 percent of our total production. In the absence of this growth, the domestic control

program would have to have been expanded to 2-1/2 times its size to maintain prices and incomes. Of our dollar earnings, 23 percent now comes from agricultural exports.

Most large U.S. corporations are vitally interested in the foreign market and are willing to put funds into economic development as an investment in prosperity and peace. Some fear possible breakup of international relations.

Our foreign-area commitments are: (1) To maintain and expand commercial trade, and (2) to assist in economic development.

Our commitment in the second area involves two phases: (1) Research related to Food for Peace programs, and (2) research and technical assistance relating to economic development.

Some believe that agricultural research and technical assistance in aid of economic development will create undue competition for American farmers. I don't think so. Here are important factors in this judgment:

(1) The strong positive relationship between economic growth and imports of agricultural products from all sources, and from the United States in particular; (2) the strong U.S. comparative advantage in most of the products--such as wheat, feed grains, and oilseeds--being demanded by less developed countries, and (3) the involvement in foreign agricultural development, which will help us better anticipate export market developments in these countries and thus aid in identifying markets.

Our expenditures the past year to meet international commitments were about \$3 million, roughly two-thirds related to trade and one-third to research and technical assistance to encourage economic development. About 40 percent came from regular funds, 40 percent transfers from AID and other sources, and 20 percent annual contract and grant commitments funded from FAS and ARS. Our total appropriated research funds in 1964 were less than one-twentieth of 1 percent of the value of agricultural exports.

The foreign work can be grouped into eight broad areas: (1) International situation and outlook, (2) supply-demand projections, (3) competition and demand, (4) monetary and trade policy research, (5) trade statistics and analysis, (6) commodity aid and market development, (7) agricultural productivity and development research, and (8) technical assistance in agricultural economics.

Here are examples of work accomplished in the last 18 months:

1. The World Food Budget for 1970, a high-quality analytical report basic to much of our foreign development and trade policy.

2. A report on Trade Policies of Foreign Governments, a valuable study used to answer a variety of questions.

3. Foreign Economic Growth and Market Potentials for U.S. Agricultural Products, a report that helps measure the extent economic growth is related to expanded trade in farm products.

4. Factors Associated with Differences and Changes in Agricultural Production in Underdeveloped Countries, a project that gives us for the first time a comprehensive analysis of changes in productivity in foreign countries and the factors associated with them.

5. Mounting of technical assistance programs in five Latin American countries.

The Foreign Regional Analysis Division plans a comprehensive study of the longer-range outlook for U.S. farm exports, utilizing the supply-demand projection studies that have been undertaken in more than 30 major trading countries.

The Development and Trade Analysis Division needs to analyze in depth the structural changes in agricultural import needs that occur at different stages of economic growth and relate them to domestic farm adjustments and programs.

We need studies of prospective world supply, demand, and prices for a number of tropical products--such as bananas, sugar, coffee, cocoa, and rubber--to appraise the desirability of programs for expanded production of these commodities in a number of less developed countries.

We also sorely need research on the kind of interregional agricultural commodity agreements and arrangements among trading areas that would promote economic growth and stability.

Regional groups, such as the Common Market and LAFTA, represent new approaches in international cooperation and trade. Our research has been focused primarily on the Common Market. We need to consider alternative arrangements that might exist between EFTA or COMECON and the Common Market.

We need much more information on foreign competitors' exports and imports--and on a quarterly and annual basis. We need summaries for groupings and commodities and countries. Improvements in production data are equally important.

To help us meet our foreign commitments, short-term foreign assignment of experienced people from domestic divisions has been extremely valuable. But we need to train younger people who can function as assistants in some of the countries where we have research or technical assistance personnel.

DISCUSSANT: Sherwood O. Berg, Dean, Institute of Agriculture, University of Minnesota, and Member, Economic Research Advisory Committee

We are confronted with a set of conditions in the "real" world which has been evident for several years and which is likely to persist into the foreseeable future. This situation presents difficulties regarding international agricultural trade and individual nations' farm programs.

Some of the complicating factors: (1) In this country, we have a highly productive national agricultural plant, with growing excess capacity relative to domestic needs, that requires for normal operations a large volume of exports annually in wheat, feedgrains, soybeans, fats and oils as well as cotton, tobacco, and numerous less important commodities; (2) in this and many other nations, there are price and income support programs to protect the incomes of commercial farmers that hold the prices of most domestic farm commodities well above the free-market levels in the world economy; (3) all over the world, for a variety of reasons--national security, economic planning and development, and income protection to producers--nations have erected and continue to erect barriers to free trade, to control foreign exchange expenditures, and to engage in government-directed trade.

Given this set of conditions, we readily accept the proposition that "free trade" is academic, but we do strive for freer trade and greater access to markets.

Freer and more open trading patterns among nations is one of the main elements working toward the kind of international community we in this country hope to see.

Freer movement of goods means freer movement of people and freer movement of ideas. These are the ties that bind nations together and nourish our aspirations for peace.

In handling the development question, economists need to break out of some of the traditional molds of thought.

Some of the "real world" considerations that confront us here are: (1) We are dealing with the strong possibility that cumulative movements away from the equilibrium are more "normal" than a return to equilibrium after a disturbance, (2) Current market choices are a very unreliable guide to development policy, and the more underdeveloped a country is, the less useful perhaps is the economic marginal analysis approach. (3) The overall goal of development policy is eliminating poverty rather than reducing the gap between advanced and underdeveloped countries. (4) The planning period must extend to a couple of decades, and the current 5-year plans must be treated as a part of a longer-run process. (5) Population growth, technological progress, and cultural change must be included as integral parts of the analytical system.

To translate general principles into appropriate development plans and policies, we need to know a great deal more. The most serious gaps are in our empirical knowledge for such as: (1) Capital-output ratios, (2) factor-proportions, rates of substitution, and production functions, and (3) motivation and economic behavior.

In many senses, ERS has been known as the "social conscience" of USDA. It is a noble tradition to uphold.

The formulation of values and ideals and the production of articulate and creative thinking must keep pace with sound, technical research attitudes. This is in the rich tradition of ERS. This, I submit, will permit you to meet both your national and international opportunities and commitments.

DISCUSSANT: Matthew Drosdoff, Administrator, International Agricultural Development Service

I think it well to stress the interest of the Administration in agricultural development in the underdeveloped countries. The President in his foreign aid message, delivered on January 14, 1965, stated: "We can and must mount a more comprehensive program of technical assistance in agriculture engaging the United States Department of Agriculture, our State universities and land grant colleges, and the most creative of our people in agriculture, marketing, and industry."

On a number of occasions the Secretary of Agriculture has stressed the importance of our international agricultural programs and USDA's responsibility in supporting and participating in these programs.

Agency for International Development is reorienting many of its country mission programs to give greater emphasis to the agricultural sector.

During the last few weeks our International Agricultural Development Service staff has met with several Mission Directors from Latin America to discuss ways and means of putting greater effort in agricultural development in the various countries.

There is an increasing recognition of the need for a multidisciplinary approach to the problem of agricultural development in the less developed countries. Though the agricultural economists play a key role in agricultural development planning and

implementation, it is important for them to understand the political, social, and cultural environment in which they are working.

As USDA becomes more involved in agricultural programs in the less developed countries, there will be a greater requirement for broad-gauged professionals who have an understanding of marketing, production, pricing policies, land tenure, etc. This will necessitate special training programs in order to develop the kind of competence which will be needed. Discussions are now underway with AID and land-grant universities in planning for recruitment, training, and orientation of personnel to meet the anticipated needs in the years ahead.

Here are the functions of IADS:

1. Provide leadership in formulating current and long-range policies and plans for carrying out technical assistance and agricultural development responsibilities abroad and related activities.
2. Develop and maintain effective relationships with AID and other public and private U. S. and international organizations in planning and carrying out assistance and training programs.
3. Coordinate USDA resources, and expedite their application in the planning, review, evaluation, and operation of country or regional agricultural development projects and activities for which the USDA is given responsibility, including the orientation of U. S. personnel and the training of foreign nationals.
4. Coordinate the recruitment and assignment of USDA personnel on detail or loan to AID, Food and Agricultural Organization, and similar organizations, and in the development of various operating or functional agreements between the Department and such organizations.

IADS receives policy guidance from an International Agricultural Development Committee. The committee includes administrators of the major USDA technical agencies.

Agreements to send technical aid to developing countries enable USDA agencies to send their own people. This makes it unnecessary for the Department to set up a special foreign assistance corps. It means that USDA technicians working overseas continue as members of their technical agency and can call upon it for support. Top professionals can be assigned and, when necessary, sent quickly for short periods of time. This system puts the full resources and experience of the Department behind USDA advisers working abroad. At the same time, it benefits the Department through useful experiences in new situations for its own personnel.

RESEARCH CHALLENGES FOR USDA

By Nyle C. Brady, Director,
USDA Science and Education

Plans are being made for a 10-year look-see into the future for needs of research in USDA and the land grant colleges. The project is jointly sponsored by USDA and the Land Grant College Association.

Two important research management needs are (1) providing an environment in which a researcher can do his best work, and (2) providing funds to get the job done.

The research environment, I believe, has been improved. But why do some researchers leave USDA? They give a number of reasons, but a consistent one is: Better opportunity to do the kinds of things they wanted to do.

To help improve the environment, we are moving into an accelerated training and retraining program that is what it should be in USDA.

In the area of funds, total agricultural research budgets have expanded markedly in the past few years. Total USDA Federal funds rose from \$115 million in fiscal 1957 to \$235 million in 1965, an increase of 103 percent.

However, increases have not been at the same rate in the agencies. During that period, the budget of ARS increased 148 percent, Forest Service 197 percent, ERS 59 percent, and SRS 19 percent.

Actually, the ERS budget has not gone up at all, if you consider that an increase of 5 to 7 percent a year is needed to maintain a constant program.

The program increase since 1957 in ARS is 76 percent, compared with a decrease of 13 percent in ERS and 14 percent in Cooperative State Research Service.

Increases in recent years have come more from Congressional action than from executive budget channels.

In recent years, increases have been greater for research facilities than for programs. During 1952-59, Congress cut \$3.7 million for facilities development; during 1960-65, it added \$29.8 million for facilities.

There is an increasing trend toward fund allocation for specific identifiable projects and locations rather than general research support. There also is continued support for commodity-oriented programs.

When we come forward with a research task, it should be a package that includes (say) biological, sociological, and economic inputs--when there is a commonness. Of course, every research task does not lend itself to this kind of treatment. But one ERS study came about as a result of someone asking the question: What would happen if we quit using pesticides?

Areas of great current and immediate future research needs, all related to health, are: Pesticides, tobacco, mycotoxins, human nutrition, and certain animal diseases such as bovine leukemia.

Another area of great need is research related to natural resources--conservation, utilization of soil, water, and forests, and beautification of our countryside.

"People-related research" is yet another area of pressing need. The poverty program demonstrates that we need much more research on such things as motivational patterns.

Research to reduce the cost of production also is vital, for, regardless of agricultural surpluses, as long as we are dealing on a world market, we must produce as cheaply as we can.

In the area of the world food-population race, I'm convinced that USDA has not played the role it should to help people feed themselves.

Finally, we should not lose sight of the basic research breakthroughs. A good example of this is the work done by a USDA-Cornell man who discovered the structure

of an RNA. By treating sperm chemically, we may be able to change a genetic deficiency. How much is research of this kind worth? Can ERS figure that out?

THE AGGREGATE PRODUCTION ADJUSTMENT MODEL

By Neill W. Schaller,
Production Adjustments Branch,
Farm Production Economics Division

This time last year, the Farm Production Economic Division began developing a "national model" for production adjustment research and policy guidance. It was partly conceived to help us answer, with the aid of formal analytical tools, many policy questions. Its primary objectives are to (1) predict farm production adjustments most likely to occur tomorrow and over time for the United States, regions, and farm types, (2) estimate the optimum adjustments, and (3) provide specific estimates rapidly.

Framework for the model is a set of production submodels for regions, divided into farm-type situations. For each submodel, we are building a separate profit-maximizing linear programming "problem", one that has 3 special characteristics: (1) A different problem is designed for each year, (2) data represent farmers' expectations and current practices, and (3) restrictions are placed on year-to-year production changes to account for forces underlying differences between actual adjustments and those that look best on paper.

Operation of the model follows the cobweb principle. We sum the totals for each submodel to get U.S. commodity supply estimates, match them with national demand functions, and get a "temporary equilibrium" price. This is used to derive expected prices for the following year. We apply the same kind of lagged feedback to the market for farm inputs.

We are assembling 1960-64 data for a late-summer test of the model. Plans call for continuing refinements, updating the data annually, and applying the model to policy questions. Later, we might alter the framework for a simulation approach or for a set of regional development models in which agriculture is but one sector.

Difficulties peculiar to this project are problems of (1) data--the model is a heavy data user; it will likely need new kinds of data or different bases for existing data; it may require an automated "data bank"; (2) coordination of model work with regional adjustment studies and with related effort; and (3) communication with policymakers--anticipating questions to speed the answers when asked.

FOREIGN PRODUCTIVITY STUDIES

By Wade F. Gregory, Chief,
Economic Development Branch,
Development and Trade Analysis Division

The welfare of U. S. agriculture is becoming increasingly more closely linked to what happens in the rest of the world. For, as the poorer nations develop, they offer better markets for U. S. exports as well as potential competition to these export markets. It is important to know the extent of complementarity and competitiveness of this development on the welfare of U. S. agriculture.

What should the ERS attitude be toward direct assistance to these developing nations?

The situation will obviously vary from country to country, but in part the decision is largely an economic one of determining the relative costs and returns of intensifying the use of existing land compared with bringing new land into use. Divergent views held in these two approaches can lead to different directions for future ERS research as well as to quite different policy conclusions. Determining the correct answer certainly is of importance to AID in directing technical assistance into correct channels and to ERS in correctly estimating future production in foreign countries.

Closely related to this is the question of whether food production can keep pace with population growth. The view generally held in USDA is that there has been an increase in per capita food production for most of the underdeveloped countries. However, the opposite view is expressed in some literature.

Traditionally, in foreign productivity studies the role of demand, prices, and markets may be recognized, but primary attention is focused on increasing agricultural output at the farm gate.

Several things are wrong with this: (1) It oversells the part technology can play, (2) overemphasis on output often precludes sufficient attention to savings that can be made in the marketing process, and (3) farmers may not be able to dispose of increased output because of inadequate or nonexistent marketing facilities and lack of consumer demand or purchasing power.

This points up the complexity of needed research on problems of agricultural development. The subparts of this research--production, marketing, demand analysis, etc.--need to be closely coordinated both at the planning and execution stage. Much is lost if the research is unduly fragmented.

Closely related to the AID-sponsored research is work being carried out with USDA funds on trade-development relationships. This needs to be expanded to provide information for estimating supply-demand conditions facing U. S. agriculture, as well as for use by AID to better understand the development process.

Therefore, ERS is faced with the question of where and how this work should be done: As part of its own basic research program, as part of research being done for AID, or as a service type of activity to specific AID country missions as they request such assistance.

To have sufficient insight to permit usable conclusions to be drawn, the foreign research of ERS must be broadened enough to include demand analysis, a consideration of both factor and product markets, price policies, institutions serving agriculture, etc.

A final question: Should all these areas of research be included as the responsibilities of the ERS foreign divisions or should they be carried out on a functional basis, i.e., divided among the various domestic divisions with the work of the foreign divisions largely that of coordinating and selecting areas of work?

MEASURING EFFECTS OF ADVERTISING INPUTS

By Wendell E. Clement,
Market Development Branch,
Marketing Economics Division

The American Dairy Association asked the Development Analysis Group to measure what a trial increase in dairy advertising inputs did to net returns to milk producers. ADA advertising is financed by dairymen's contributions of about 2 cents per capita. We were asked if increases in the promotion-expenditure contribution by 15 cents per capita or by 30 cents increased milk sales enough to justify the added costs.

We interviewed administrators of 25 Federal and State milk marketing orders to determine the reliability of such source data and learn the milk marketing histories in each market. Analysis of data showed that nearly all variations in milk sales in 1959-61 were due to (1) differences in individual markets and (2) seasons of the years.

The Latin square design was used so that each promotion-expenditure level (2, 15, and 30 cents) was tried in each market and during each seasonal time period. Graphic analyses determined suitability of markets for the experiment, screening out those that did not meet conditions of constant time effects and uniform sales patterns among markets. The three promotional levels were tested in 6 markets during 4 time periods of 6 months each.

Two steps were taken to remove the carryover influence of previous promotion effects: The Latin square design was altered to a double changeover design, and the promotion during each 6-month test period was limited to the first 3 months to allow a 3-month washout.

Historical data were fitted into the design and on a uniformity trial basis, to detect random variation in milk sales. Markets and time periods were the significant sources of variation. Treatment differences were nonsignificant. (Unexplained variations were only 0.1 percent; expressed as a coefficient of variation, 0.5 percent.) Analysis indicated that a 1 percent change in sales could be detected with 95 percent confidence; a detection of 2 percent change had been requested.

Results are preliminary, since not all data are in.

SECONDARY BENEFITS OF WATERSHED DEVELOPMENT

By J. Dean Jansma,
River Basin and Watershed Branch,
Resource Development Economics Division

We developed procedures for estimating secondary benefits of watershed development in a local area (Roger Mills County, Okla.). We defined secondary benefits as "the increase in net incomes, or other financial effects as a result of the project, in activities stemming from or induced by the project." "Stemming from" and "induced by" secondary benefits are measurable in income changes to the local people.

The model for the study was an integration of Boulding's payments multiplier as adapted to a local area, and Leven's "from-to" version of the input-output model. It was designed to: (1) Measure to economic interaction between producing and consuming units, (2) estimate economic impacts, via a payments multiplier, resulting

from the project's effects on the local economy, and (3) specify the intraregional distribution of the impacts through use of input-output procedures.

A listing was made of all economic units in the county. Individual units were then aggregated into 11 local sectors and 1 nonlocal sector. A local banker provided information on microfilmed checks (about 80 percent of the county's volume) which had cleared his bank in 1960. A sampling scheme provided a "composite month" of 24 banking days. Check data were sorted and entered into proper sectors, based on the payer and payee of each check--providing the basic data for a payments matrix.

The county gained an estimated \$1.58 in total gross receipts for each dollar increase in gross receipts to the agricultural sector. There was a net income to agriculture of 27 cents for each added dollar of gross receipts to that sector. There was an additional net secondary income of 17 cents to the local sectors for each dollar of gross receipts to agriculture.

Estimates were also made of the relationship of primary to secondary income from increased receipts for recreational services in the county; the local gross receipt multiplier resulting from these expenditures was substantially below that for an increase in the agricultural sector (1.13 vs. 1.58).

Results of the study also revealed the possibility of major disassociations of local costs and local returns to watershed projects. Normally, local costs of projects are paid by local agriculture. Yet, net income to agriculture in this study accounted for less than two-thirds of the increase in net income to the area. Farmers obtained an insignificant portion of local net income from recreational receipts.

Comments: (1) There seems to be substantial agreement that there are rarely any national secondary benefits from local or regional projects in a full-employment economy with relative mobile resources. But secondary benefits are significant to local areas where projects are built. (2) The input-output model is useful for measuring economic impacts. However, it is too complex and time-consuming for use at the resource development planning level. Thus, there seem to be two alternatives. Develop short-cuts in input-output procedures, or use some version of the classic economic base model--the basic-nonbasic industry approach.

Currently, we are testing various ways to decrease data requirements of these models and still retain acceptable accuracy. Although some undesirable assumptions must be introduced in this simplification, we think our research procedures must be made more operational if we expect the techniques to be used by action agencies.

REPORTS OF DISCUSSION GROUPS ON EMERGING PROBLEMS, WITH EMPHASIS ON THE ERS ROLE IN RESEARCH RELATED TO THESE PROBLEMS

GROUP I: The Challenge for USDA Economic Research in the Future

Perhaps one of the more significant realizations of this conference was that economists are greatly appreciated. Speaker after speaker extended his appreciation and love. Economists need not fear underemployment; rather, they should fear overemployment. The great mass of month-to-month and day-to-day decision problems bearing down on USDA decision makers, requires so much staff work by ERS economists, that it creates a very high probability that our talents are too completely directed to the immediate problems to permit research on basic matters which would permit solving future brushfire problems.

This, of course, is the familiar refrain of the research economist, but it should be understood and not ignored. This is not an attempt by the researcher to withdraw from the real world to study abstract problems. In fact, we do not want to be insulated from the fires and heat of present-day hot issues, because they provide the stimulation and inspiration for more fundamental research. But the stimulation and inspiration can be fruitless unless we have the means--the funds, the manpower, and the time--to capitalize on them.

We do not believe we can rest easy with the seemingly comforting philosophy that a division of labor should take place, with the basic research in the universities and the applied research in ERS. Universities too have brushfires; often, under the pressure of the times, they rationalize that ERS should conduct fundamental or long-term research. Further, the action environment of the university professor is so different from that of the ERS economist that the professor's version of fundamental research may fall far short of providing the basis for solving future problems in the environment of a national action agency. Thus, the spatial separation of applied from basic research is irrational. The real problem is the proper mix, or proportion, of applied and basic research in ERS. We conclude that the mixture in recent years has been so overweighted toward the immediate problems that it has seriously endangered our ability to meet the immediate problems of the future. In short, we are living on our inheritance and using up our capital.

With this background, we endorse the part of the K report (Report of Program Evaluation Committee) which says: "The Administrator should have in his immediate office a small staff composed of experienced economists to help develop improved methods of research; to review and evaluate the research programs; to serve as leaders on Service-wide research projects of high priority; to bring together and coordinate data and research results of the several Divisions in order to answer important requests promptly; and to perform other work the Administrator assigns."

But we do not content ourselves with simply endorsing this part of the K report. Within the spirit of "onward and upward" we recommend the doubling and even tripling of the size of the Staff Economist Group. We are aware that a small increase in the size of SEG may only mean more calls from across the street. We think it should be enlarged to the extent that it will reduce, but by no means eliminate, the day-to-day pressure on ERS for immediate answers. Further, we recommend that: (1) The administrative hierarchy--the Administrator, division directors, and branch chiefs--give greater attention to a more equal distribution of brushfire problems among individual researchers in ERS; (2) requests for brushfire information be clear and specific; otherwise, some researchers are likely to spend 2 or 3 days on a 30-minute problem; (3) the recipient of these questions, the researcher, make direct contact with the assignor, usually a Staff Economist, to clarify the question and thus reduce wasted effort and improve the appropriateness of the reply; we are aware of the necessity of the administrative hierarchy to be informed about questions from the Office of the Secretary, but we are also aware of the loss in translation as the questions are transmitted through channels.

It is significant, we believe, that a group assigned the topic of the challenge for the future should concern itself with the day-to-day operations of ERS. Unless these rather elementary aspects of our environment are improved, the optimum mixture of basic and applied research cannot be achieved, and we will be unable to meet the challenges of the future. At any rate, having cleared the decks and vented our spleen, we turned to our assignment--the challenge of the future of ERS

The technological explosion, urbanization of our society, and other changing elements of our economic environment create a number of important challenges for ERS. Some of these are as follows:

1. Problems relating to understanding the structure of our agriculture. These include a need to sharpen the logical frameworks used to explain the operation of the agricultural economy and a need for a review of existing data series published by ERS. The data series need to be examined with a view to possible revisions and to the development of new series useful for analyzing problems of rural America. This would include a more meaningful construction of data by regions, types of farms, and other subcomponents than presented in the current series. Improvement of data may be necessary to accomplish the needed precision of estimates on a more disaggregated basis.

2. Problems relating to explaining the current situation and predicting the future, including emerging problems, situations, and consequences of alternative possible changes in current farm policies. Most emerging-problem situations of interest to ERS are regional, national or international in scope, and their solutions involve variables outside the control of individual decision makers in agriculture. The urbanization of our society adds to political pressures for altering our farm policies, and we need to gear our research to a broader policy perspective than the past to insure adequate knowledge for making rational farm policy choices.

3. Problems relating to the deteriorating public image of agriculture. The growing urban fundamentalism creates difficult problems of disseminating factual knowledge about our agriculture pertaining to its public image. Sometimes, these facts are taken out of context and are misinterpreted. Research on the role of changing values and beliefs is needed in agriculture and elsewhere. A publication explaining the socioeconomic facts of U.S. agriculture, published annually, is recommended.

4. Problems associated with interdisciplinary research. Training programs for agricultural economists have become increasingly specialized, but our problems are becoming broader and interdisciplinary in character. Discussion Group VI likely will report on this problem in detail, but we recommend an increase in professionals who are general economists and non-economists in the ERS to perform functions of (1) provocateurs to agricultural economists, and (2) participants in economic research. Present employees need professional improvement in research methods, physical and social sciences, values and goals of individuals and society, and in identifying relevant problems in agriculture.

5. Problems of insuring continuing adequacy--both in quantity and quality--of our human and natural resource bases for economic growth.

6. Problems of income and employment of rural people accompanying declining employment opportunities in farming. To attack these problems adequately, there will be need for (1) increased research resources, (2) improved environment for research, and (3) elimination of influences of provincialism and traditionalism in selecting specific research problems and analytical methods. More teamwork is needed among individuals and among administrative units within ERS. Finally, a problem deserving increased attention is the loss of the more capable research workers to the administrative profession here or to research positions elsewhere because of inadequate rewards for research achievements.

GROUP II: Management for the Future: Creating the Optimum Atmosphere for Professional Research

Our overall goal, the group agreed, should be to maintain a university type of research atmosphere in ERS--a community of scholars who speak to each other and who stimulate each other's research. We want to maintain an atmosphere that creates creativity.

Where do we stand? Obviously, things are not all bad. Proof is that we are still working for ERS. Nevertheless, the committee feels improvement is possible in a number of problem areas. And since our purpose is to improve ERS, not to praise its present accomplishments, the bulk of our report is directed toward these areas.

1. Brushfire research--the trend is toward more brushfire research. From the standpoint of organization, this trend is not all bad--it proves that our capabilities are being recognized and it provides valuable data on real research needs and problem areas.

But it creates problems. Too much emphasis on brushfires means not enough ongoing research to provide a basis for putting out future brushfires.

It often leaves the individual researcher dissatisfied. Partly, this is because brushfire work often does not fit into the logical sequence of a well organized research effort. In addition, the researcher misses the pride of craftsmanship in a "quickie" job; he knows there are too many loose ends that he doesn't have time to tie up.

One potential way to alleviate the problem would be to expand the SEG group--another would be more manpower in ERS.

2. Recruitment and promotion. --Especially with the increased emphasis on research on social research, both in the poverty program and in the resource development programs, we need to be sure our personnel system is groomed to obtain and retain the kinds of scientists we need. We cannot presently hire sociologists and political scientists on permanent civil service status, unless they can qualify as economists or statisticians. The social science analyst appointment is classified as temporary pending establishment of a register. This should be changed.

The man-in-the-job concept is now a part of our personnel structure. However, some group participants questioned whether it is really being used to promote qualified individuals engaged solely in research--the Grade 13 Level. The group regarded this as a very serious problem. We endorse the man-in-the-job concept and would hope more qualified researchers are promoted under this provision.

3. Staff development.--The group recognized the need for attention to the individual's career development, in line with his desires and abilities. This development takes place in many ways. Greater rotation of assignments is one possible tool. Opportunities for periodic return to college and for sabbaticals are others favorably considered by the group.

Within ERS, greater attention might be given to promoting group meetings to discuss specific research projects. Ways to implement this suggestion might include monthly ERS-wide colloquiums to report on research problems and results and informal "bag lunch" seminars. Occasional interagency meetings of commodity specialists might also aid in staff development.

4. Physical facilities.--Research workers need peace and quiet in which to think and work. Surroundings need not be plush or spacious, but they need to

be private and quiet. There are unavoidable interruptions when we must share offices with other research workers or with clerical staff. "One-man-one-office" would substantially increase productivity. The group regarded this as one of our most serious problems. Increased productivity would probably more than offset the cost of renting additional space.

5. Miscellaneous.--concern was expressed over the time it takes to edit and clear publications. (A copy-desk approach was discussed.) Questions were raised about the suggestion in the K report that publications contain too many literature citations. More use of desk-top computers was suggested. Researchers should follow-up their projects to see that people who need the results get them.

GROUP III: The ERS Role in Working with Other Agencies--State, Federal, and International

The main function of ERS is to serve as the economic intelligence and economic analysis arm of USDA specifically, and to a lesser extent of the entire Federal establishment, State, and international agencies, and the public. We do not have a monopoly in this function. Land grant colleges and other State, Federal, and international agencies share these functions and thus have a mutual interest in the same problems. Therefore, ERS has a role in working with these agencies in providing the economic intelligence and analysis needed by farmers, legislators, administrators--both within and outside of USDA and the public.

In carrying out this role, ERS is in a unique position to lead in guiding and coordinating economic research; it also has roles of being a constructive critic of agency programs and in evaluating the impact of alternate programs on the various sectors of the national economy.

In general, our working relationships with research and program agencies are good. This is largely because our performance over the years has built a favorable image with these agencies. One problem, in some cases, has been that the goals of some projects have not been met in cooperative, contract, or grant research. What may have overcome such problems of unmet goals? Perhaps better planning of the project directly with the research workers rather than with the agency head or his representative, or better identification of the research problem.

Good working relationships with new agencies, and those with which we have not worked before, will depend on our establishing a good image of ERS with these agencies. This will take time, but if we have mutual interests, and we can meet the needs of these agencies while meeting our own needs, we will likely be able--as in the past--to work harmoniously with others.

One possible way of improving our ability to work harmoniously with these new agencies is to make greater use of sabbatic-type arrangements, where ERS economists would spend 6 months to a year working directly with these agencies.

As requests increase for analyzing other agency programs, with or without transfer of funds, there will be some operational challenges. We recommend that the management staff give greater consideration to how these challenges should be met. How, for example, should we organize to service these requests with a minimum of disruption to ongoing research?

We recognize the increasing need for an interdisciplinary approach in finding research answers to the vital problems of today. To achieve better flexibility in meeting these needs, and to have the benefit of a point of view that may differ from that of a USDA employee, consideration should be given to (1) satisfying part of these needs through cooperative arrangements with other agencies, and (2) adding persons with training in various disciplines to the ERS staff.

A subtopic assigned to our group was the role of the ERS field staff and how it should be organized to best discharge this role. We agreed that field offices serve a different function for each division. In general, however, field offices facilitate coordination of research effort; they can help keep ERS more responsive to local and regional needs for research; they present opportunities for recruiting, training, and keeping personnel; and they often present a better research environment than the Washington office.

We had no way to determine how large the field staff should be for each branch or division, nor how it should be organized. We did agree with the program evaluation committee that a task force should be appointed to study the organization and size of the field offices to ascertain if they can be made more effective in carrying out their role and if improvements can be made in their management. In addition, we recommend that this task force include at least one field staff member from each division; that the special needs of each division be considered separately; and that attention be given to evaluating a practice of more regular rotation of field and Washington staff--similar to what is done by foreign agencies--to avoid possible provincialism and to provide opportunities for employee development. If such a practice is adopted, timing of rotations should be mutually agreeable to the employee, his supervisor, and the cooperating agency.

Finally, we recommend that there be more regular interchange between the Washington staff--including top-level personnel as well as immediate supervisors--and greater involvement of field staff in the planning of the divisions' programs and specific projects.

GROUP IV: Our International Commitments in the Environment of our Domestic Economy

A consensus was reached on the following:

1. Because the United States is likely to face substantial and continuing pressure to participate in international agricultural commodity agreements, ERS should do more work, both theoretical and empirical, on the possibilities and limitations of such agreements.

2. There should be greater recognition of the distinction between two research areas: One in which problems are anticipated, involving the collection and processing of data and the analysis of underlying relations; and the other involving operational or mission-oriented research, which applies the results of basic research to immediate problems. It is important that at least part of the staff be relieved of the burden of frequently reacting to immediate problems.

3. A substantial proportion of the research in the field should be planned without any intention to publish the results, either because the results will be too narrow or too fragmentary to be of wide interest, or because the subject may be very sensitive and the results very controversial.

4. There is a need within ERS for coordinating the activities, and collecting and disseminating reports of the many ERS personnel who from time to time work temporarily in this area or who undertake short-run foreign assignments.

5. ERS should be given the responsibility and the necessary resources for preparing and analysing agricultural trade statistics.

6. ERS should give greater attention to the problems of gathering, testing and processing foreign data needed for fulfilling its responsibilities in the foreign area. This might be done by:

--Urging U.S. delegations to international agencies, such as OECD, UN, FAO, and OAS, to encourage those agencies to devote more effort to collecting and processing statistics.

--Continuing to press FAS toward more effective organization of its statistical work.

--Making more explicit the responsibilities of the ERS staff for collecting, testing, filing, analysing and using statistics.

7. More long-range commodity analysis in foreign economic research should be conducted within ERS.

8. In coordination with other agencies and the land-grant colleges, ERS should take a more active part in selecting and evaluating the activities of U.S. agricultural technicians on AID missions.

9. ERS should more thoroughly investigate the areas and circumstances in which the two U.S. goals of expanding its agricultural exports and fostering of foreign economic development are complementary or in conflict.

10. ERS should establish a continuing seminar to which representatives of various groups in USDA, representatives from other agencies, and people from outside the U.S. Government would be invited to explore thoroughly all aspects of assigned subjects.

GROUP V: Agricultural Adjustment and Structural Change in a Dynamic Economy: The ERS Role

1. Director Upchurch has given us a very broad definition of agriculture. Its inclusiveness reflects a new phase agriculture is entering, and hints at the need for ERS to take a critical look at our logbook of critical issues.

First, we may note that broadening the definition of agriculture creates a potential trap. It creates the need to coin a new term for what formerly went under that guise. Similar semantic difficulties with the family-farm concept might suggest that, alternatively, we find a new name for the larger complex.

Historically, we are perhaps in a third agricultural phase. A century ago, free land and static technology faced economists, with land development as the critical issue. Somewhat later, technology developed on a fixed land base. The issues were factor productivity and resource allocation on farms. In a gradual way, we have been moving into the third phase--that of an increasingly complex, interdependent economy. Our productive plant has outpaced the market, so farm management takes on less emphasis. Closer ties are developing between farming and other sectors of the economy. They furnish us a new level of problems.

These emerging critical issues are at a level between the firm and the macro. In short, the questions are of structure, and of changes in structure arising from internal and external forces.

It is helpful to think of structure as a three-dimensional picture, representing at one point in time the composition of units in the agricultural complex, and of the characteristics and behavior of these groups. Adjustment then is a dynamizing process by which we get a new structure at a later point in time.

We have worked for a long time on the adjustment process for farm firms. Similarly, we have approached marketing problems as separate entities. But our third phase is blurring the traditional lines.

The new shape of things changes the rules of the game, and the type of questions we ask. We are asking about factors leading to structural change and about the change process.

2. All this could be said, regardless of our conception of our clientele. At this level, we may expect further changes in emphasis. The three traditional groups remain--public at national policy levels, industry groups, and firms. The public policy group still is easiest to identify, particularly by the groups involved in brushfire work. This time of work justifiably and inevitably reminds us to re-question the relevance of our longer-term work.

The firm clientele may take on a slightly different emphasis. Where many problems were of individuals, now they are increasingly of groups. The changing structure often makes individual action impossible, as in the case of farmers switching to bulk milk handling.

At the same time, these adjustments in structure are made by people. A very real problem is giving individuals the understanding of the needs for and possible directions of such adjustments. Just how do we get these materials used more, and how does this relate to extension work?

3. Functionally, the work to be done is still collection of data and intelligence, analysis, and dissemination. But the relevant question arises anew in deciding on who is to perform these functions.

The public policy clientele obviously calls for more macro emphasis than previously. At the same time, we see the need for tying macro and micro together at an intermediate level. National policy issues require information on totals, but they also raise welfare questions. These necessitate disaggregation and a structural bridge between the areas. The same gap leaves us vulnerable, in an aggregate sense, when viewed by our individual and group clienteles.

An early priority obviously needs to be placed on systematic description of structure. The real payoff may be in starting from this solid descriptive base and proceeding into prediction of structural changes, especially those arising from anticipated social actions. Still further, we need to consider innovations in structure to improve performance. Consider changes in farm labor organization, farm financial structure, and futures markets for beef as examples.

The question of relevance needs also to be raised in terms of the statistical data now being gathered. In view of structural changes, are we still measuring the pulse, or can we reallocate the data-gathering resources elsewhere?

The need for more long-term outlook work to buttress our short-term work is accentuated by the more structurally interdependent environment that our clientele is beginning to realize exists.

4. The question of who does the research was not resolved. Obviously, resources are more limited than problems. College and private research agencies are on the scene, and research interdependencies are on the increase. Dr. Brady's remarks indicate some promise of coordinating these areas.

GROUP VI: Rural Resource Development in a Changing Economy: The ERS Role

Gladys Baker--one of the provocateurs --made three major points. She told us of the days when other agencies beat a path to our door. USDA economists furnished ideas. We provided innovations of content as well as organization for New Deal agencies. The AAA committees and SCS districts were examples.

Gladys said that our status is now lower--partly due to the decline in proportion of farm people, and partly because of our timidity in areas of human resources. She suggested that we build and regain some of this initiative in resource development research.

She also told us that we haven't learned as much as we could from past experiences. The Farm Security Administration program didn't really get to the poverty-stricken people. We really did not inspire their hope. This must be one of our major concerns. For example, we haven't come to grips with need for training people in social services for rural areas.

Miss Baker also questioned whether the rural poor will be part of local community organizations that spring spontaneously from the community. If they are not included, they will not consider the resulting programs their own, and the programs may miss their needs.

Philip Dwoskin was the other provocateur; he also had several observations on operations and subject matter.

On operations, Phil is afraid that much of the urgent resource development research will arrive after the fact. He said we probably need a crash program on some phases of resource development, particularly poverty. We may need some operational adjustments. For example, how will you quickly clear a questionnaire in human development research? Operationally, how do you get a close tie with Rural Community Development Service?

Regarding subject matter, he feels we need to zero in on the critical human development problems. He feels the top priority in human development research is in searching out feasible economic opportunities. He thinks our top research is aiding job creation; so let's work on it.

Here is a sample of ideas from other group participants:

The rural-nonrural definition is not relevant for rural development research. But, we have a responsibility to make this and its implications apparent to those up the line who must make policy decisions. For example, research on improving the economic and social wellbeing of people in rural areas will carry us into very urban places.

Problems of poverty and economic development should not be equated. Problems of economic development are not necessarily the problems of poverty. There probably will still be poverty in some areas long after the economic development of those areas.

Both the quality and quantity of jobs are very important. We don't see much recognition of the quality consideration.

Rural people are by no means just resources. They are an intricate part of a social organization. Research on social organizations is very important in improving the social wellbeing of people. Poverty persists mainly because we have

a structure in society that produces and perpetuates poverty. Our educational organization is illustrative.

What are some pressing research requirements? In human development, the list of requirements should include:

1. Anatomy and classification of poverty and a projection of its likely continuation, given various assumptions. We must make sure that the fundamental analyses required here do not fall through the slats.

2. Educational needs and aspirations and motivations of youth and adults in rural areas, both in poverty and not in poverty. Rural youth, especially farm youth, have a low educational aspiration compared to urban youth.

3. Dynamics of transfer of poverty from rural to urban areas.

4. Reaction of the individual to his social structures. We don't know much about this. Why do some break out of poverty and others fail?

In community and area development, we have pressing research requirements also. They include:

1. Defining development areas and nodes for development. The development areas constructed in our haste to get area development action programs underway will likely be crude.

2. Determining the financial resources of rural America and the problems of mobilizing and supplementing these resources with State and Federal funds.

3. Learning why areas grow and decline--the factors and determinants of growth.

4. Researching the ways to have simultaneous training and job creation.

5. Studying the organization and linkage of communities of different size.

In land and water development, we have pressing research problems requiring substantial attention. Some of these include:

1. The multitude of problems associated with spread of urbanization into rural areas.

2. Research on water supply problems.

3. The very difficult and important water allocation problems (within agriculture and between agricultural and nonagricultural uses).

4. Water pollution.

5. Institutional and organizational arrangements, particularly on the land and water development districts and interstate compacts.

6. A clarification of our research interest in air pollution and in the economics of beautification.

Program evaluation is another pressing problem that cuts across the resource development work. Evaluations are overdue for old programs and are now needed for new programs.

We also discussed operational problems, or how we carry out our mandate for rural resource development research.

1. We recognize that social scientists other than economists have a vital role in all phases of research on human development. We endorse paragraph 11, page 3 of the K report and recommend that ERS hire professionals in political science, law demography, and sociology in addition to general economists. These professionals are particularly needed to assist in resource development research.

2. Lest there be any doubt, we favor continuation of our work with action programs in resource development. We seek with this the opportunity for thoughtful, careful fundamental research. Further, we encourage a most careful evaluation of research objectives, with full attention to how the work aids in evaluating alternative courses of action in the development process. Let's not be scared of trying to integrate economics, sociology, political sciences, and law.

3. Those who read the K report generally agreed that consideration be given to the report's suggestions on resource development.

RECOMMENDATIONS OF FIELD PERSONNEL 1/

1. An orientation session in Washington, D. C., would be beneficial to the field staff by providing a broader concept of the role of ERS.

2. At future conferences, have small discussion groups spend more time on both formal and informal discussions. Perhaps, have an extra half-day on this type of interchange, or fewer formal presentations.

3. There should be more opportunity to integrate research ideas, procedures, and data -- not only geographically, but also among the organizational units of ERS.

4. Give field personnel more opportunity to be in on the planning stages of research.

5. Provide latitude for field research, while keeping the work in the ERS program.

1/ Wesley B. Sundquist, Farm Production Economics Division, St. Paul, Minn., was chairman of the field group making these recommendations. Members of the group also included Ronald D. Krenz, Farm Production Economics Division, Fargo, N. Dak.; Melvin L. Cotner, Resource Development Economics Division, East Lansing, Mich.; and James L. Pearson, Marketing Economics Division, Gainesville, Fla.

SRS PLANS FOR MEETING DATA NEEDS OF THE FUTURE

By Harry C. Trelogan, Administrator,
Statistical Reporting Service

ERS shares with many data users the desire to see fulfilled the SRS objective of improved accuracy and precision of estimates. This mutuality of interest is currently being indicated by the complimentary remarks that have come from ERS people regarding our data collecting methods (and, in a negative sense, from the soybean trade over the error in the recent stocks report). The ERS remarks have been stimulated by observations of the SRS staff work on the pesticides and cotton costs surveys.

To me, the reactions reflect your growing appreciation of work we have been perfecting for some time--work frequently regarded as prosaic and simple, but work that stems from our repeatedly expressed philosophy that data collection is a worthy area of professional specialization distinct from analysis. In earlier times you, as economic analysts, tended to be more impressed with efforts to improve sample designs and to solve related sampling problems, and we will keep pressing for further improvements along these lines.

But the value of such accomplishments depends heavily upon the success of other phases of data collecting, handling, and processing. In effect, you are incidental beneficiaries of efforts to strengthen crop and livestock estimates through enumerative survey methods.

Among other phases of work that merit attention is that concerned with reducing nonsampling errors. This phase is often downgraded by some, because of the infinite attention to details it involves as it deals with (1) Defining every term in a clear-cut manner comprehensible to the unsophisticated enumerator; (2) preparing maps, instructions, aerial photos, illustrations, instructions, and handbooks for those making the survey; (3) anticipating every variation from normal in patterns of farm ownership and tenancy, management, cultural and husbandry methods, and harvesting, handling, and marketing practices so the enumerators will be prepared to record the data uniformly; (4) training enumerators who are part-timers, low-paid subprofessional employees; and (5) designing and conducting adequate quality checks. But this phase is especially important, when reliance has to be placed on very small samples. The corps of experienced field enumerators is a tremendous asset in data collection.

We plan to continue grooming this field force. SRS plans to have an enumerative survey program fully operative in the 48 States to extend our capabilities for obtaining nationwide survey data efficiently.

Our next big challenge in crop and livestock estimates will be to mesh our enumerative and mail survey programs into an integrated system that will yield probability samples over a wide range of estimating items on acreages, yields, animal numbers, and prices.

The attainment of these goals depends upon parallel progress in our data processing capabilities. We have been slowly developing EDP capabilities since 1958. This involves a great amount of training and retraining. To use the people and equipment efficiently, we have shared machine time and personnel with other agencies.

But with the growing need for these services and the declining availability of time on other agencies' equipment, SRS has reached the point where it must have access to large-scale equipment of its own. Accordingly, preparations for a computer site in USDA's South Building were begun 3 years ago, and funds were assembled--\$450,000. Plans call for it to be ready in December. Our current budget requests funds to buy

an IBM 360-40 computer to go into the site next April. It should meet all our EDP needs for several years.

This computer transition will incur some trying times in our relationships with customer agencies. We will need your sympathetic understanding and patience.

SRS has a number of proposals, rather than plans, for wider coverage of statistics needed from American agriculture. For several years, we have subordinated these proposals to the improvement of accuracy. We are now reaching the stage where we may be able to give them more attention. However, additional services conflict with the current stress on economy. Our ability to carry out such proposals will be enhanced when plans for financing the work are presented by the proponents. We are confident that we will have greater ability to collect and handle the data through surveys for those purposes and for those agencies that can elicit the necessary financing.

TRAINING AND EDUCATIONAL NEEDS AS SEEN BY A TASK FORCE MEMBER

By Kenneth E. Ogren, Director,
Marketing Economics Division

The emphasis in ERS must be more training for everyone and more attention to the problems and needs for training--regardless of position. When I listened to the first discussions on the conference program, I thought we seemed to be emphasizing how we were going to do things with people during the conference. But by the end of the first day, I found the approach had changed. The emphasis has been on the research environment and the attention it needs.

ERS has a unique position in economic research among governmental units. In the historical development of USDA, early emphasis was on research conducted in an environment similar to that of a college campus. We, therefore, have an opportunity to have both the "research environment" and the excitement of working on current problems as well. To maintain this position, we need a continuing input of well educated economists and a continuing emphasis on keeping them up to date. It's a good sign that we have agricultural economists in the Secretary's office--it has given a great deal of recognition to our field.

At first, I expected the task force assignment on personnel training to be just another committee. I actually found it to be quite a challenge--and great deal of training for the members. In all, we interviewed some 400 scientists--most in fields other than economics.

We answered several questions about training: (1) Is further training and retraining needed? (Yes); (2) Are we utilizing available opportunities? (No); (3) Can available training be improved? (Yes); (4) Should we develop programs and provide trainers? (Possibly); and (5) Can scientific environment be improved? (Yes). For more complete information about our answers, I refer you to our Progress Report: Task Force to Study the Training and Scientific Environment of the Department's Research and Education Personnel, September 1964 (available on request through my office).

The task force recommended wider participation in training, including (1) a policy statement from the Secretary's office emphasizing continued training as a Departmental concern and the responsibility of supervisors, the allotment of funds, and recognition of accomplishment and potential in selecting those to receive additional

training; (2) informing staff members of training opportunities; (3) a training plan for each scientist; and (4) special attention to those who have had no formal training since 1960.

Despite the additional paperwork necessary in conducting a training program, the task force believes that the benefits would more than pay off in gains in morale. We found that scientists want and need their supervisors' interest in the work they are doing--if only an occasional visit to inquire about current projects. Training programs could help to make such communications easier and more commonplace.

ERS has made much commendable progress in the area of training. We compare favorably with other research agencies in USDA. However, we should strive for the day when "sabbatic-type" leaves are accepted as the customary pattern, not extreme or unusual. Our rapidly changing society will make this essential sometime in the near future.

The higher priority that training receives in the allocation of our expenditures, the better the "image" of ERS will be in the eyes of our peers and prospective employees. More than anything else, it is the quality of our individual research scientist that determines the quality of our research product.

THE AG ECONOMIST OF THE FUTURE

By Frederick V. Waugh, Research
Adviser to the Administrator

In my lifetime there have been two main trends in ag economics: the trend to specialization, and the trend to the use of mathematics. Thus, I make the following projection: The ag economist of the future will be a specialized mathematician. Younger economists propose to ride this wave of the future to help the farmer, to build a better world, and to get recognition and larger salaries. This is good. But we should guard against dangers that often go with specialization and mathematicization. Too much specialization leads to fragmentation and thus to a very narrow outlook and isolation. This hinders advancement (although man-on-the-job promotion deals have helped) because administrators must be generalists. Most of us must specialize. But the urgent and growing need will be for a few broad generalists. They will be the top people in the profession.

The beauty of mathematics can lure economists away from practical problems, tempting them to set up overelaborate, unrealistic models and to use overrefined methods of analysis. Too much of our so-called econometric research is only an intellectual game played for amusement. Without measurement, econometrics is a fraud and a delusion. Real econometrics combines economic theory with mathematics and statistics. Interest in higher mathematics has led to neglect of useful simple methods, including arithmetic and graphics. The mathematical economist also faces the communications problem, and he doesn't help solve it by using fancy words or by misusing plain words by giving them strange meanings. For example, I think that most literature about endogenous and exogenous variables is useless, metaphysical nonsense. We should explain our findings in understandable language.

We should not fail to recognize the benefits of specialization and mathematics. Some specialization makes us more effective. We need specialists, but not in isolation. Rather, we should emphasize research teams and cooperation in interdivisional and interagency projects. We could also give more thought to rotation of assignments. Today's ag economist should be actively interested in other fields like sociology, history, and political science, even art.

Mathematics has contributed much to economic theory and to agricultural economics. Mathematics enables us to state concepts, definitions, and assumptions precisely, to analyze through sound rules of logic, and to prove our conclusions. It is a great spur to the imagination; it is a great generalizer, breaking down narrow specialization. I believe good mathematics is that which is as simple and easy as possible; the metric weight system is much simpler than our bushels and pounds. Yet it is resisted. Likewise, many ag economists shy away from matrices. Matrix algebra is a great development in mathematical shorthand. My advice: Learn it, don't resist it.

As the ag economist becomes more mathematical, he becomes more of a generalist, applying his mathematical tools to all sorts of economic problems. He becomes more valuable. Our best mathematical economists should be available to all divisions, not confined in narrow specialties. Competent ones are much in demand. We should pay competitive salaries to attract and hold a few really top agricultural econometricians.

SUMMING UP

By Nathan M. Koffsky, Administrator

The Program Evaluation Committee Report is only the first stage in shaping ERS to the future. We must now move into the second stage -- the stage of implementation.

I think the conference has shown a clear consensus as to the emphasis which should be given to the research program. Perhaps the major questions have arisen as to the role of the individual and the maintenance of a research environment. ERS is a large organization and undoubtedly it will get larger as we move into the area of research on rural people and their problems. We must maintain a proper balance between our service work -- the brushfires -- and the research program itself.

As we go, there will be changes in organization, in personnel, and in the directions of our research programs. This should not be feared; it is really a way of life in an organization responsive to changing conditions. As time goes by, some of us will be doing other kinds of research instead of our current investigation. In this context, I assure you that the management will be increasingly sensitive to the needs of the individual. In particular, we want to do more in the training area so that we will be better equipped to pick up new responsibilities as they occur.

Finally, I would like to come back to the widening gap in communication--the gap between farm people and other people in the Nation. Many farm people feel that they are disadvantaged and not receiving proper returns. On the other side, many nonfarmers feel that the farmer is getting an unfair advantage from public programs. I suspect these opinions have never been wider apart. It is the function of research to try to bring a better basis for understanding between farmers and all other people.

ERS STAFF CONFERENCE PROGRAM

Thursday, May 6

9 a.m. Registration and Check-in

10:00 a.m. Opening of Conference
Bldg. 6

Chairman: Nathan M. Koffsky,
Administrator, ERS

Plans for conference and
announcements--Carl P. Heisig,
Deputy Administrator, ERS

"State of Union" message on ERS
(40 min.)--Nathan M. Koffsky

Report of program evaluation
committee (40 min.)--Charles
F. Kiefer, Director, OMS

General discussion

12:00 Lunch

1:30 p. m. The Shape of Things to
Come Bldg. 6

Chairman: Carl P. Heisig

The changing structure of
commercial agriculture,
markets, and resource use
(20 min.)--M. L. Upchurch,
Director, FPE

The foreign market for farm
products (10 min.)--Quentin
M. West, Deputy Director, FRA

Issues ahead in marketing
(10 min.)--Alden C.
Manchester, Chief, Animal
Products Branch, ME

Land and water resources
(10 min.)--Harry A. Steele,
Director, RDE

General discussion

3:00 p.m. Coffee Break

3:15 p.m. Rural Development and
Opportunity: The Place
of ERS Bldg. 6

Chairman: Glen T. Barton,
Deputy Director, FPE

The Governmentwide approach to the
poverty problem (25 min.)--
James L. Sundquist, Deputy
Under Secretary of Agriculture

What economic research can
contribute to rural people
and rural community develop-
ment programs (25 min.)--
George Tolley, Office of
Administrator, ERS

Discussants (10 min.): Robert
G. Lewis, Administrator,
Rural Community Development
Service; John H. Southern,
Chief, Area Economic Develop-
ment Branch, RDE; Calvin L.
Beale, Farm Population Branch,
ESA

General discussion

5:15 p.m. Adjournment

6:30 p.m. Dinner Bldg. 6

8:00 p.m. - 10:00 p.m. Speech and
Panel Discussion Bldg. 6

Chairman: James P. Cavin,
Director, ESA

A topside view of ERS--John A.
Schnittker, Director,
Agricultural Economics

Changing requirements of
economic research as seen by
SEG, the Budget Bureau, and
the Council of Economic
Advisers--Winn F. Finner,
Staff Economist Group;
Russell McGregor, Bureau of
the Budget; and James Bonnen,
Council of Economic Advisers
(10 min.).

General discussion

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Friday, May 7

8:30 a.m. Our International
Commitments Bldg. 6

Chairman: Wilhelm Anderson
Director, FRA

Speaker (25 min.)--Kenneth L.
Bachman, Director, DTA

Discussants (10 min.):

Sherwood Berg, Dean, Institute
of Agriculture, University of
Minnesota, and Member,
Economic Research Advisory
Committee; Matthew Drosdoff,
Administrator, International
Agricultural Development
Service

10:00 a.m. Coffee Break

10:15 a.m. Discussion Groups on
Emerging Problems,
with Emphasis on the
ERS Role in Research
Related to these
Problems

I. The challenge for USDA
economic research in the
future Bldg. 15

Chairman: Lee M. Day, FPE
Secretary: Arthur B. Mackie,
DTA

Provocateurs: Clark W. Edwards,
ESA, and G.
Stanley Brown,
FRA

II. Management for the future:
Creating the optimum
atmosphere for professional
research Bldg. 16

Chairman: Thomas F. Hady, FPE
Secretary: Walter G. Heid, Jr., ME
Provocateurs: Norman E. Landgren,
RDE, and Forrest
E. Walters, ESA

III. The ERS role in working with
other agencies--State,
Federal, and international
Bldg. 17

Chairman: Robert V. Enochian,
ME (Calif.)
Secretary: Cline J. Warren, FRA
Provocateurs: Grady B. Crowe,
FPE (Miss.), and
William A. Green, RDE

IV. Our international commit-
ments in the environment
of our domestic economy:
The ERS role Bldg. 7

Chairman: Joseph W. Willett,
FRA
Secretary: Susan A. Libbin, DTA
Provocateurs: Lyle P. Schertz,
DTA, and O. P.
Blaich, ME

V. Agricultural adjustment
and structural change in
a dynamic economy: The
ERS role Bldg. 112

Chairman: Robert E. Olson, ME
Secretary: George D. Irwin,
FPE (Ind.)
Provocateurs: Dean E. McKee,
FPE, and Will M.
Simmons, ESA

VI. Rural resource development
in a changing economy:
The ERS role Bldg. 6

Chairman: Raymond D. Vlasin,
ADM
Secretary: Theodore E. Fuller,
RDE (Pa.)
Provocateurs: P. B. Dwoskin,
ME, and Gladys L.
Baker, ESA

12:00 Lunch Bldg. 6

Chairman: Nathan M. Koffsky

The research challenges for USDA--
Nyle C. Brady, Director,
Science and Education

1:30 p.m. Emerging Problems and Research
Approaches Bldg. 6

Chairman: W. B. Sundquist, FPE
(Minn.)

The aggregate production
adjustment model (15 min.)--
Neill W. Schaller, Production
Adjustments Branch, FPE

Foreign productivity studies
(15 min.)--Wade F. Gregory,
Chief, Economic Development
Branch, ME

Measuring effects of advertising
inputs (15 min.)--Wendell E.
Clement, Market Development
Branch, ME

Secondary Benefits of watershed
development (15 min.)--
J. Dean Jansma, River Basin
and Watershed Branch, RDE (Pa.)

3:00 p.m. Coffee Break

3:15 p.m. Discussion Groups
(continued)
Refer to morning sessions for
locations

6:30 p.m. Banquet Bldg. 6

Master of Ceremonies: John A.
Schnittker

Speaker: Otto Eckstein, Member,
Council of Economic Advisers

8:30 p.m. Movie Bldg. 112

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Saturday, May 8

8:00 a.m. Reports of Discussion
Groups Bldg. 6

Chairman: C. Kyle Randall, Chief
Farm Income Branch,
ESA

Reports by Chairmen or Secre-
tary-Reporters will emphasize
recommendations and new ideas
(10 min. each)

General discussion

10:15 a.m. Coffee Break

10:30 a.m. Retooling for the
Challenges of the
Future

Chairman: Sherman E. Johnson,
Deputy Administrator,
ERS

SRS plans for meeting data needs
of the future (20 min.)--
Harry C. Trelogan, Adminis-
trator, SRS

Training and educational needs,
as seen by a task force
member (20 min.)--Kenneth E.
Ogren, Director- ME

The ag economist of the future
(20 min.)--Frederick V. Waugh,
Research Adviser to the
Administrator, ERS

Recommendations of field personnel

General discussion

12:30 p.m. Lunch Bldg.

Summing up and a look ahead--
Nathan M. Koffsky

2:30 p.m. Conference Adjournment

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